OAT BRAN ■ AMERICANS WITH DISABILITIES ACT ■ LEADERSHIP

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RESTAURANTS

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PRESIDENT'S REPORT

Harris H. "Bud" Rusitzky, President
Serv-Rite Food Service and Consulting Corporation
Pittsford, New York

Forecast predicts more industry growth

New minimum-wage law passed

Section 89 gone

TJTC

ADA moving

This issue of ***Restaurants USA*** contains the "1990 National Restaurant Association Foodservice Industry Forecast." It shows that our industry is entering its 10th consecutive year of real growth. Real sales, which have been adjusted for inflation, should rise 1.8 percent in 1990, even though the economy will be growing at a slower pace.

Even though I rejoice with you in the good news of our industry's continued growth, I ask all of you to pay serious attention to what the 1990 forecast has to say about the consumer demand for a more casual dining-out experience. In this time of heavy competition only those restaurants that respond to consumer demand are likely to prosper. Please read the information on this subject in the following pages.

A new law raising the minimum wage has been passed by Congress and signed by President Bush. On April 1, 1990, the minimum wage will be raised from $3.50 an hour to $3.80 an hour. It will go up again—to $4.25 an hour—on April 1, 1991. The law includes provisions for a training wage for teenage employees, to be paid for a period not to exceed 90 days of employment by one or more employers.

Your association, along with other small businesses and trade organizations, has battled long and hard against a minimum-wage increase. Even though we were not successful in stopping a hike altogether, your grassroots activity kept lawmakers from passing bills that would have raised the minimum wage as high as $5.05. And we were also able to secure increases in both the tip credit and the small-business exemption.

On the other hand, we scored a total victory with the repeal of Section 89. On November 7 Congress finally did away with the cumbersome law that was intended to ban discrimination in applying employee-benefit plans but which, in fact, would have required employers to spend thousands of hours on paperwork and to run complicated tests on their benefit plans. So great was the outcry against Section 89 from foodservice operators and other small businesspeople that Congress was forced to repeal it.

The Targeted Jobs Tax Credit (TJTC), due to expire December 1, has been extended through September 30, 1990. This underutilized tax credit can mean large tax savings to those who hire hard-to-employ individuals. With a labor shortage affecting almost all of us, hiring disadvantaged youth, welfare recipients, disabled persons and other low-income groups is good business. TJTC provides the incentive to make the good business even better.

When Congress adjourned November 22, it left plenty of unfinished business, including ADA (the Americans with Disabilities Act). The law, which prohibits discrimination against disabled persons as employees and customers, has already been approved by one committee, and three more committees are scheduled to review it after Congress reconvenes on January 23, 1990.

Your association agrees with the philosophy of this bill: Disabled persons should enjoy the same rights to lead a full life as everyone else. But we foresee that

ambiguous language, the cost of implementing the bill and the possibility of punitive action against those who fail to adhere to the bill's provisions could be damaging to restaurateurs, and we have tried to point out these flaws to our legislators.

Thanks to constant input from you and the association staff, the bill is now more practical than it was originally. There is still a possibility of further difficulties being ironed out.

Great Menu Contest now underway

You should have received applications for 1990's Great Menu Contest. This is the 27th year your association has held this contest. Winning menus, which are considered models for the entire industry, will be displayed at the Chicago National Restaurant Association Restaurant Hotel/Motel Show and will eventually appear in a four-color coffeetable book.

The deadline for entering the contest is February 28, 1990. If you have not received your entry form, call the association's communications department at (202) 331-5900 or 1-800-424-5156.

Solid-waste symposium is next month

Don't wait to make reservations for the solid-waste symposium on January 9, 1990. There is a limited amount of space for both the symposium and the hotel rooms at a special discounted price at Washington DC's J. W. Marriott Hotel. Representatives from both private businesses and federal agencies will be speaking on recycling, disposable packaging, new lightweight packaging and recycling laws. Come join us to learn about innovative solutions to our nation's solid-waste problems.

If you haven't received your brochure or you would like further information, call the association's technical services department at (202) 331-5900 or 1-800-424-5156.

New Jersey members join our ranks

On January 1, 1990, the New Jersey Restaurant Association will become the 17th state organization to enter into a dual-membership program with the National Restaurant Association.

Dual membership allows the New Jersey association to benefit from the strengths and services of our national association. In turn, the 800 new members from New Jersey will be a valued addition to our national roster and will bring the number of member companies up to approximately 17,000. This will add strength where it is most needed—at the grassroots level.

Welcome new members

We welcome the 114 new members who joined the National Restaurant Association last month. Your commitment to the association will further strengthen our unified effort to represent the foodservice industry.

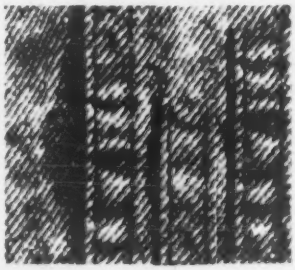
Sincerely,

Bud Rusitzky

Harris H. "Bud" Rusitzky
President and Chairman of the Board

COVER STORY: 1990 FORECAST

21 The foodservice industry is primed for its tenth consecutive year of real sales growth. As restaurateurs get ready to enter a new decade, they can arm themselves with the information and analysis provided in this 1990 forecast—including economic indicators, consumer attitudes, demographics, menu trends, operational costs and regional outlooks. This year's forecast talks about the increasing consumer demand for a more casual dining experience—with quality food and service at an affordable price.



SPECIALS

8 Spotlight on the Americans with Disabilities Act
The Americans with Disabilities Act (ADA) is almost certain to become law in the near future. Designed as a civil rights bill for the disabled, ADA will change how restaurateurs run their businesses—from accommodating disabled employees to serving disabled customers. This article reviews ADA from every angle and offers guidelines for restaurateurs to help them comply with the legislation. Also, restaurateurs who have disabled employees on staff talk about the adjustments they've made and the rewards they've garnered from working with such highly motivated individuals.

13 Leadership—through the eyes of a warrior
It may be hard to imagine Attila the Hun as a role model for effective leadership, but that is just what he is to author Wess Roberts, whose bestselling book *Leadership Secrets of Attila the Hun*, caught the attention of executives from coast to coast. Roberts shares his—and Attila's—approaches to leadership in this interview with ***Restaurants USA.***

16 Oat bran took the country by storm
There was no more popular food item in 1989 than oat bran. Health-conscious consumers clamored for muffins, cereals—even pretzels and pastas—made with the wonder bran, championed for its cholesterol-lowering quality. This article looks into the oat-bran frenzy and discusses what will happen in the 90s with bran products. Don't miss the recipes!

18 The casualization of the American restaurant
The baby boomers have grown up, and they lead the pack of restaurant customers who want a more casual dining experience. This "casualization" of the American restaurant translates to simpler, more affordable meals with upbeat, comfortable service and settings. Read about the bistros, cafes, grills and trattorias that are drawing customers.

DEPARTMENTS

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- ☐ Sanitation training at Arby's
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- ☐ Scholarship applications now available
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- ☐ Check your local listing . . .

Cover photo by Lee Salsbery; denim sculpture by Sally Vitsky

Sanitation training at Arby's

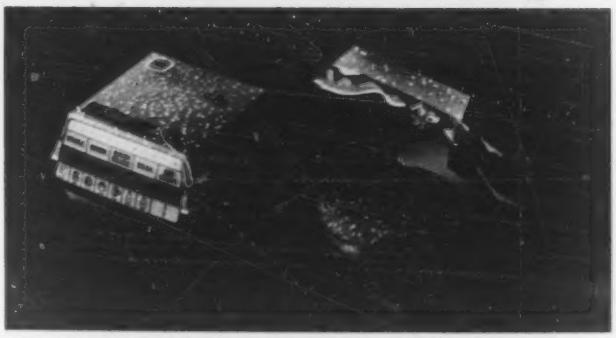
Follow-up: Video training. **Arby's crew member Priscilla Brooks and crew leader Isaac Lawson (both of Atlanta) review a training video and manual as part of the restaurant chain's new sanitation program, which was specially designed for Arby's by Procter & Gamble. The pilot program includes additional training materials, such as wall charts and installation kits. One thousand of Arby's 2,100 restaurants are using the program.**

Remembering the needy on Thanksgiving

Two restaurateurs who fed the needy on Thanksgiving were (1) Cherrington in Moon Township, Pennsylvania, which provided free Thanksgiving dinners—including turkey and all the fixings, ice cream and pumpkin pie—for needy families from noon to 5 p.m. and (2) the Sheraton Carlton in Washington DC, which delivered 25 turkeys to SOME (So Others Might Eat) headquarters. The turkeys were prepared by the SOME staff for their Thanksgiving meal for the homeless.

In addition, the hotel offered a complimentary Thanksgiving lunch or dinner to local police and firefighters in the Carlton cafe.

Color-coded merchandising



A bold new look. **Burger King Corporation has launched a bold and colorful merchandising and point-of-purchase program in its restaurants. In addition to an innovative packaging design, the program includes a color-coded menu board; a six-poster kiosk and bright, descriptive point-of-purchase posters. Each item in the program uses color coding to group products by six categories, including breakfast, hamburger sandwiches, chicken and fish entrees, salads, side orders, drinks and desserts. The new merchandising system is designed to help customers quickly identify each product.**

Scholarship applications now available

Applications for 1990–1991 foodservice/hospitality scholarships are now available from the Educational Foundation of the National Restaurant Association. Completed applications must be postmarked no later than March 1, 1990, to receive consideration.

Awarded annually, the scholarships range from $500 to $4,000 and are sponsored by more than 25 companies and associations.

Applicants are judged on criteria that include cumulative grade-point averages, professional goals, industry knowledge, foodservice work experience and financial need. Scholarships are awarded to students of two and four-year degree-granting programs.

For applications or further information, contact: Scholarship Department, the Educational Foundation of the National Restaurant Association, 250 S. Wacker Dr., Suite 1400, Chicago, IL 60606-5834; 1-800-522-7578; (312) 715-1010.

California restaurateurs organize quake relief

In the San Francisco Bay Area's continuing struggle to rebuild after the October 17 earthquake, chapters of the California Restaurant Association (CRA) have been active in receiving and distributing donations of food, clothing and money from members. CRA members not directly affected by the earthquake are also helping in the recovery by absorbing displaced employees where possible to minimize job loss.

At this time the most important need of the restaurateurs is funding to help rebuild and reopen their businesses. A local group of industry leaders has assembled under the chairmanship of CRA Vice President Ted Burke, of the Shadowbrook Restaurant in Capitola, to create "CRA Earthquake Fund." This group will assess the need of the industry in the area and will oversee disbursement of donations.

If you would like to contribute to the fund, send checks to CRA headquarters at 3435 Wilshire Blvd., Suite 2606, Los Angeles, CA 90010.

Year in review

Section 89 repeal, passage of a minimum-wage law and rapid movement on the Americans with Disabilities Act (ADA) highlighted the first session of the 101st Congress in 1989.

Section 89 dies

A long year of grassroots lobbying paid off on November 7 when Congress repealed Section 89, a complicated tax rule established in 1986 to prevent discrimination in employee-benefit plans.

After hearing the outcry of American businesses against the complexity and exorbitant costs of Section 89, Congress postponed the rule's effective date several times before finally repealing the law. The extreme change in Congress's position this year—from a refusal to consider repeal to wholehearted support—is a testimonial to the success of grassroots lobbying.

Minimum wage increased

The day after President Bush signed Section 89 repeal into law, the Senate joined the House in passing a minimum-wage increase.

Responding to mounting political pressures to break the standstill in the 2½-year minimum-wage debate, President Bush and congressional Democrats reached a compromise, raising the wage to $3.80 (with a 45 percent tip credit) on April 1, 1990, and to $4.25 (with a 50 percent tip credit) on April 1, 1991. The new wage allows businesses to pay a limited training wage at 85 percent of the minimum to certain workers under age 20 and raises the small-business exemption to cover businesses with less than $500,000 in annual sales.

National Restaurant Association lobbying efforts since 1987 helped bring about significant concessions from congressional Democrats in the wage bill, including increasing

The Public Affairs Conference was a high point of the legislative year.

the tip-credit and small-business exemption, substantially delaying the law's effective date and accepting a much lower increase in the wage rate than originally proposed.

TJTC extended

In the final hours of its 1989 session, Congress approved a nine-month extension of the Targeted Jobs Tax Credit (TJTC), a tax credit for employers who hire individuals from certain disadvantaged groups. Employers can continue to take advantage of the tax credit when they hire qualified workers between December 31, 1989 (the previous expiration date) and September 30, 1990.

ADA looms on horizon

The Americans with Disabilities Act (ADA) moved to the forefront of issues facing the industry in 1989. Approved by the Senate on September 7 and currently being considered by several House committees, the landmark civil rights bill would require restaurants to remove structural and employment barriers for disabled individuals.

Although foodservice operators support the concept of extending civil rights protection to disabled individuals, they have criticized Congress for ADA's vague language and have lobbied legislators to make the bill's requirements for businesses clear and reasonable.

National Restaurant Association lobbying efforts have already resulted in considerable concessions from Congress: The private right of access to a jury trial in job-discrimination cases has been eliminated, as has the threat of large punitive and compensatory damage awards and protections for substance abusers. A phase-in period of the employment requirements for small businesses has been added. The association is still urging the House, which has not yet passed a disabled rights bill, to clarify ADA's language, to add a tax-credit provision to help businesses pay for mandatory building renovations and to exempt small businesses from the bill's "public accommodations" requirements.

Tax issues mired in budget problems

The ongoing battle against 1988's added FICA tax on tips gained legislative attention in 1989, when Rep. Hank Brown (R-CO) and Sen. Rudy Boschwitz (R-MN) introduced bills to repeal the burdensome tax. Although budget constraints make repeal of any tax an uphill battle, the National Restaurant Association hopes that H.R. 446 and S. 1815 will generate pressure in Congress to repeal the law that requires restaurateurs to pay Social Security taxes on *all* the tips their employees report.

The National Restaurant Association also responded to members' problems with the Bureau of Alcohol, Tobacco and Firearms' heavy-handed enforcement of the special occupational tax on alcohol retailers. Threatened with exorbitant late fees and interest for a tax many restaurateurs say the government never properly publicized, the association has asked Congress to reduce the tax and establish a statute of limitations on back taxes, penalties and interest. Action is possible in 1990.

Mandated-benefits action delayed

Congress has delayed action on federal mandates for health and parental/medical-leave benefits until next year.

Sen. Edward Kennedy (D-MA), chairman of the Labor and Human Resources Committee, succeeded in pushing a minimum-health-benefits bill, S. 768, through the labor committee on July 12, but the full Senate took no further action. The House bill (H.R. 1845) has been stalled in committee.

Parental-leave bills were approved by labor committees in both the Senate and the House in the spring; however, neither S. 345 nor H.R. 770 has been brought up for floor votes.

The threat of a veto from President Bush, who remains firmly opposed to such mandates, has led supporters of health and leave packages to postpone action until 1990.

Fast food labeling issue resurfaces

As part of its plan to make comprehensive revisions to current food-labeling regulations, the U.S. Food and Drug Administration (FDA) reopened the issue of labeling for fast food products in 1989.

In comments to FDA, the National Restaurant Association argued against mandatory labeling. Although three labeling bills introduced in Congress this year specifically exempt foodservice establishments, FDA initiatives are likely to keep fast food labeling a hotly debated issue in 1990.

—Andrew McLauchlin

WHAT THE BILL MEANS TO RESTAURATEURS

One of the most far-reaching bills introduced in 1989 may be the Americans with Disabilities Act (ADA). Political experts agree it is almost certain to pass, if not this year then early in 1990. ADA is designed to be a civil rights bill for people with disabilities. Restaurants, as public facilities, will be directly affected by ADA. They will be required to make their facilities accessible to disabled customers and not to discriminate against disabled individuals in their employment practices.

by Julie Fintel

Jimmy Doe has Down's syndrome. The doctors had advised Jimmy's family that he would never find a place with "normal" people or be successful. His family thought otherwise—and so did the manager of a local Friendly's restaurant, who gave him a part-time job washing dishes. That was 13 years ago.

Today, Jimmy still works part-time at that Friendly's in Ohio. However, his role in the restaurant has expanded. He now not only buses tables but is also responsible for landscaping. His responsibilities have brought him in contact with customers, and through this contact, Jimmy has gained confidence and has become more verbal. His progress has also had a positive effect on the other employees as well as on many of the regular customers.

This is just one example of how—with some accommodation—persons with disabilities can be successfully integrated into the foodservice workforce. More than 9 percent of disabled persons who are now working have a job in the hospitality industry at such companies as Friendly's Ice Cream Corporation, McDonald's, Burger King and the Marriott Corporation, as well as Kentucky Fried Chicken, Pizza Hut, Arby's and Walt Disney World.

But it is likely that restaurants will soon be hiring even more disabled persons and serving more disabled customers. Restaurants, as public facilities, will be directly affected by the Americans with Disabilities Act (ADA)—the law that would make it illegal to discriminate against disabled Americans in employment, public services and public accommodations.

Most states already have some laws barring discrimination against disabled individuals. In addition, the Rehabilitation Act of 1973 made it mandatory for federal agencies, anyone doing business with the government or any business receiving federal money to make all buildings accessible to the disabled and to give them equal treatment in hiring.

Yet statistics show that 66 percent of disabled persons are still not working, and most receive federal subsidies. According to a Lou Harris poll, there are 8 million people with disabilities in the United States who are currently unemployed but ready, willing and able to work.

Unfortunately, that same poll found that employers don't hire more workers with disabilities because they feel there aren't enough qualified disabled workers available.

Of course, some disabled persons will never be able to work, but the majority of them—with the right training, proper facilities and an employer who will give them a chance—want to hold jobs and become taxpayers; working is important to their sense of pride and dignity.

Persons with disabilities want to become consumers, too, purchasing goods and services in stores and restaurants, many of which are now inaccessible to them. ADA is designed to remove the barriers that currently make it impossible for so many disabled persons to live a normal life.

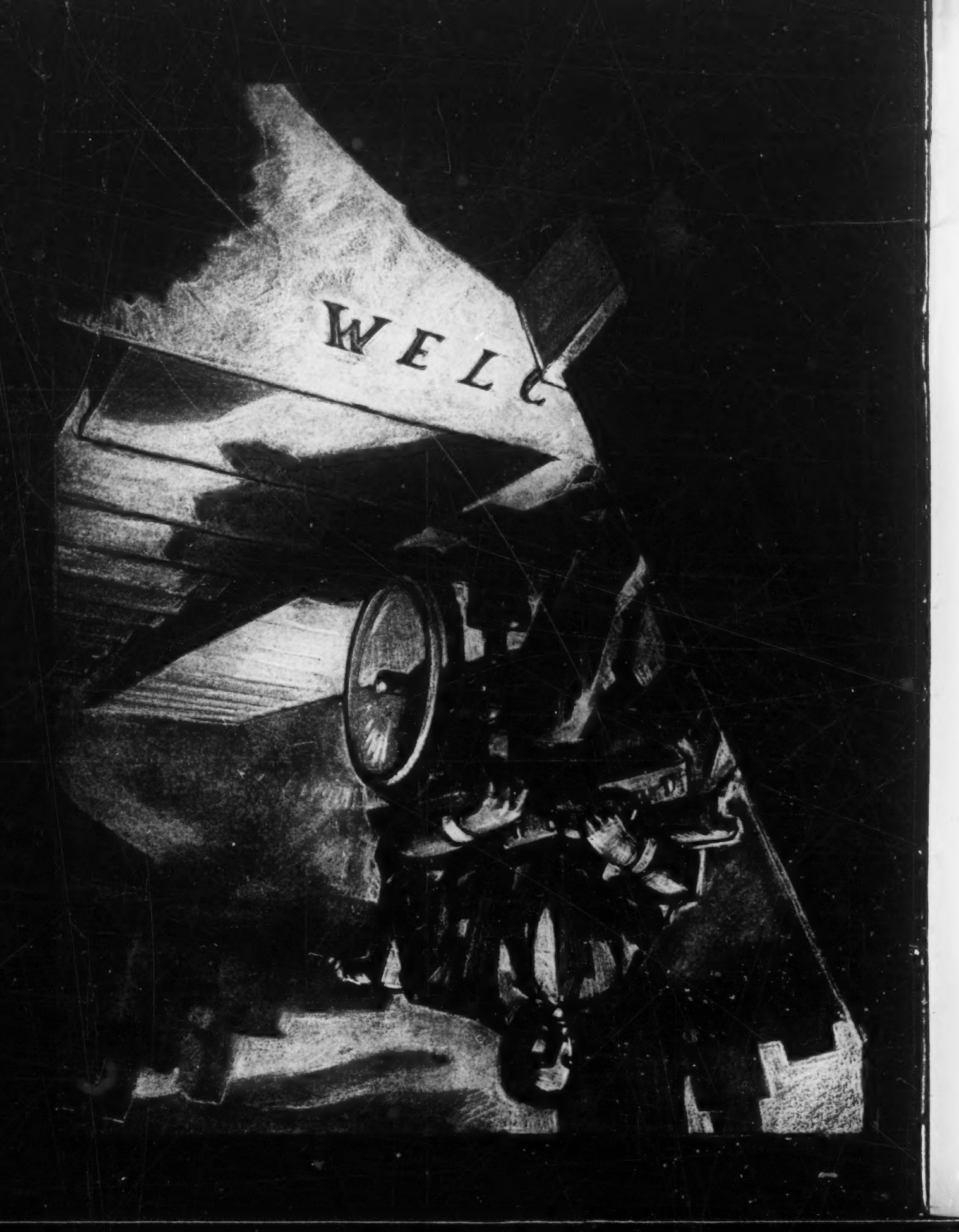
Julie Fintel is a communications specialist at the National Restaurant Association.

ADA and the disabled customer

To accommodate disabled customers, ADA requires that all structural, architectural and communication barriers be removed from a building, where "readily achievable." "Readily achievable" is defined as easy to accomplish or carry out without much difficulty or expense, but no cost value has been given as a guide. Each case will be judged on an individual basis. The size of the business as well as the nature and cost of the accommodation will be considered.

For example, to ask a restaurant to put in an elevator in an existing building would usually not be considered reasonable. But to put in grab bars or a small ramp where there are just a few stairs is reasonable.

Constructing a new building to be accessible is usually easier and cheaper than making changes to an existing structure. It is estimated that the extra cost of making the accommodations will add approximately 1 to 1½ percent to the original price of a new building.


WELC

Making a restaurant's services accessible to disabled customers doesn't always involve making structural changes. American Cafe, with 13 units in Washington DC, Virginia and Maryland owned by Monolith Enterprises, already has facilities that can accommodate patrons in wheelchairs. Now it is planning to print braille menus to attract blind customers, and to take other steps to make the disabled more comfortable, including training its staff to be more sensitive to disabled customers and offering extra care if it is needed.

Like the American Cafe, many restaurants believe the expense of making a building accessible is worthwhile because it will bring in more customers. Restaurant reviews now often include information about accessibility to the disabled.

Of course, some disabled persons will never be able to work, but the majority of them—with the right training, proper facilities and an employer who will give them a chance—want to hold jobs and become taxpayers; working is important to their sense of pride and dignity.

ADA and the disabled employee

In a time when the labor pool is shrinking, hiring disabled persons is good business. But financial incentives are just part of the reason why many foodservice operations are enthusiastic about disabled employees. Although it's not possible to generalize and say that all disabled persons make better employees, restaurant operators who have hired these individuals seem to agree that they have a higher-than-average degree of commitment and loyalty. "A disabled person tends to value a job more highly because he or she had to work harder to get it in the first place," notes Mark Donovan, manager of Marriott Corporation's community employment and training programs.

At a Burger King at Scott Air Force Base, Illinois, manager John Murphy adjusted his regular training schedule to accommodate a learning-disabled 17-year-old girl. "Usually I teach eight to 10 work stations in about six weeks, but I went slower with this girl and trained her for only two positions. Now she's our dining room attendant—it's as if it's her dining room; she takes pride in it—and she's wonderful," Murphy says.

Hiring the disabled also can have a good effect on the rest of the employees. Dianne Ochowicz, now director of personnel at the Radisson Plaza Hotel at Town Center, Southfield, Michigan, has been in Radisson personnel departments for 10 years and involved with disabled-workers programs for eight years. "Nothing is as rewarding, personally or professionally, as working with the disabled," she says.

Ochowicz has won many awards for her work with disabled employees—from a Presidential Award from the Department of Health and Human Services to awards from several states and local community groups. TV coverage of the award ceremonies has usually included an explanation of the hotel's disabled-worker program—a good way for the community as a whole to become aware of what Ochowicz and the Radisson are doing.

Ochowicz often gets feedback from customers who have stayed at the hotel and come in contact with the disabled employees. "I had one woman, a teacher who had been here on a convention, call to tell me she and her friends had spent a lot of time discussing what we were doing. She wanted us to know how much they thought of us for employing disabled persons," relates Ochowicz. "I have never had a negative comment about our disabled workers from a customer," she adds.

Finding and training

If you don't want to wait for disabled applicants to find you, good sources are state vocational rehabilitation programs and private training programs. There are also associations for persons with certain disabilities, such as the National Association of Retarded Citizens in Arlington, Texas.

Almost every foodservice operation with a good-sized disabled-employee program mentions Projects With Industry as a starting point in finding disabled workers. In 1973 the Vocational Rehabilitation Act laid the foundation for the PWI program, with its purpose being to set up partnerships between private business and all resources pertaining to hiring and training of persons with disabilities. The state or private rehabilitation agencies help to train the employees. Counseling and follow-up services are provided at no cost.

The foodservice industry's PWI is promoted by the National Restaurant Association and headed by Brother Philip Nelan. State vocational rehabilitation offices are the primary source for finding disabled employees, but the National Restaurant Associations's PWI also has connections with 400 private training agencies. For example, in New York state last year, PWI helped place 10,000 disabled persons—981 in foodservice.

Job coaches

Although many agencies send job coaches at no charge to the restaurant to give a disabled person one-on-one training, many foodservice operations prefer to use their own employees as coaches, reasoning that "no one can teach dishwashing as well as a dishwasher."

McDonald's McJobs program uses an employee (usually a certified manager) as a job coach to train four or five mentally or physically disabled workers at a time, for a period of approximately two to three months. Following graduation, the employees are "mainstreamed" into the regular crew at the store where they trained.

A Burger King program in Tampa/St. Petersburg, Florida, uses a Burger King employee who specializes in working with disabled persons. Called BKapable, the program includes training in life skills as well as work skills.

Hiring

Not discriminating against disabled persons begins with the hiring process. Jay Rochlin, executive director of the President's Committee on Employment of People with Disabilities, suggests that the best guides for

hiring disabled persons are the same as those for hiring able persons—look at the skills, ability and interests of the applicant. "Put people first and recognize the disability as only one characteristic of the individual; it's the person who's important," says Rochlin.

No pre-employment physical may be given before the disabled person is hired; after the individual comes on board, a physical may be required only if it is required of all other newly hired employees.

Making accommodation

Once a disabled person is hired, ADA says employers must make "reasonable accommodation" for that person's physical or mental limitations so that he or she can perform the essential functions of the job—unless the accommodation imposes an "undue hardship," which is defined as an action requiring significant expense. The law will take into account that significant expenses differ from one type of operation to another. Factors to be considered will be the number of workers, number and type of facility, size of budget, type of business—including the way the workforce is structured—and nature and cost of the accommodation.

"Reasonable accommodation" could include anything from lowering a workstation for a person who must work while seated to changing the method of training to take into account a learning disability. It also might include modifying job schedules, providing readers or interpreters, buying or changing equipment and revising tests, training materials or policies.

Accommodations do not have to be costly. Many accommodations don't cost anything. Part-time or modified work schedules are one way to accommodate disabled employees. Or an accommodation could be something as simple as giving a duty that a disabled person can't perform to another employee in exchange for some of the duties from the regular employee.

ADA does not require an employer to give more paid-leave time to the disabled employee than to nondisabled employees. Nor does it require any special insurance coverage as long as the employee receives the same benefits as nondisabled staff members. However, an employer can offer policies that limit coverage for certain procedures or treatments—for example, the policy can specify a certain amount per year for mental health coverage.

What ADA says

Who is disabled?
ADA will protect people with a physical or mental impairment that substantially limits one or more major life activities, persons having a record of such an impairment or those who are regarded as having such an impairment. It also covers those closely associated with someone with disabilities.

For example, a disabled person might be (1) someone with a hearing or sight impairment, cerebral palsy, epilepsy or muscular dystrophy, (2) someone with a history of mental or emotional illness, heart disease or cancer or (3) a recovered alcoholic or reformed drug abuser.

What ADA says about employment
ADA bans discrimination against *qualified* individuals with a disability when hiring and awarding salaries, promotions, benefits, etc.

"Qualified individual with a disability" means a person who, with or without reasonable accommodation, can perform the functions of the job.

The law says employers must provide reasonable accommodations for the needs of a disabled worker, unless doing so would impose undue hardship.

ADA and public accommodations
ADA bans discrimination against people with disabilities in full and equal enjoyment of goods, services, etc. Public places cannot deny service to people with disabilities.

Existing buildings must remove barriers wherever readily achievable. All new buildings that open 30 months or more after the bill is signed must be readily accessible to persons with disabilities both in public areas and in work spaces. The Department of Justice will issue regulations to ensure that buildings are accessible.

Other notable points included in Title III, the part of the law having to do with accessibility, include:

- not denying a disabled person the opportunity to participate,
- providing equal opportunities to all people,
- not making "different or separate" goods or services for disabled persons, unless absolutely necessary,
- making reasonable modifications to improve access for disabled persons, unless doing so would fundamentally alter the nature of the product or service, and
- not excluding, segregating or denying service simply because there are no auxiliary aids to help the disabled, unless you can show that providing such aids would alter the product's nature or cause undue burden. Auxiliary aids and services might include interpreters or other ways to help the deaf as well as readers, tapes or other ways to help the blind.

When businesses must comply
In the part of the bill regulating employment, businesses with 25 or more employees must conform two years after the bill becomes law; businesses with 15 or more employees will be required to conform four years after enactment .

In regard to not discriminating against the disabled as customers, all businesses must conform within 18 months after ADA becomes law.

Enforcement
If individuals believe they have been discriminated against as employees or potential employees, they can file a complaint with the Equal Employment Opportunity Commission (EEOC). Individuals may also seek injunctive relief and back pay and attorney's fees.

A disabled person who believes he or she has been denied rights as a customer can bring suit against the offending business. The Attorney General can also bring civil suit in cases involving a "pattern or practice of resistance" to the new law.

At Friendly's headquarters in Wilbraham, Massachusetts, Jane Doe, a deaf employee, has a responsible position in the inventory-control department. Accommodations consist of providing a sign-language interpreter at company meetings and sending small amounts of data in writing instead of calling them in over the phone. Friendly's has also installed a signal light to warn her in case of emergencies—since she isn't able to hear an alarm.

Donovan says making accommodations isn't even a disability issue. "Employers make accommodations constantly. For example, for a left-handed person they may move a phone jack from one side to the other. Or they may provide rubber mats for those who stand for long periods of time," he explains.

John Randall, director of catering at Clock Tower Inn, Rockford, Illinois, thinks of making accommodations for disabled employees as a good investment. "Why not invest it in whatever accommodations we must make—and usually it's not a whole lot of money—when we end up with a person who stays?" he asks.

If an accommodation will create a safety hazard for the disabled employee or for other employees, or if it violates safety and sanitation codes, then it is not reasonable. Or if the impairment eventually makes it impossible for the employee to perform the job, even with the help of the accommodation, then the employer is under no obligation to keep that person on the payroll.

Technical help

When it comes to deciding when and how to make the accommodations your disabled employees will need, the first person you should turn to is the disabled person. Rochlin tells the story of a company that spent thousands of dollars to lower water fountains in order to put them within reach of one employee in a wheelchair. When the modifications were all done, the employee pointed out that all that was really necessary for him was to have cup dispensers by each fountain. (Of course, other wheelchair-users may have other preferences.)

If you don't know whether a potential employee's disability will allow him or her to do the job, Rochlin suggests you take that applicant on a tour of your facilities, letting the individual point out what changes could be made.

Job Accommodation Network (JAN) is another source of help. A service of the President's Committee on Employment of the Handicapped, it is an information, consulting and referral service that provides free information on ways to make cost-effective workplace accommodations. It will provide information on everything from assistance devices and job-task adjustment to building-site modifications. It can also refer you to rehabilitation professionals or support groups and provide information about any disability. JAN's toll-free telephone number is 1-800-526-7234.

States and cities will often have manuals spelling out exactly what their requirements are, with illustrations and charts that any business person would find helpful in remodeling or constructing a new building to make it accessible to persons with disabilities. Call your local rehabilitation service to find out how you can get a copy.

JAN can also give information on how to get building or renovation standards from the American National Standards Institute (ANSI) if your architect or construction contractor doesn't already have that information. Or you can get the standards yourself by calling the Architectural Transportation Barriers Compliance Board in Washington DC at (202) 653-7834.

Meant to help, not hurt

Small businesses, while agreeing that persons with disabilities should be guaranteed their civil rights, have objected not to ADA in principle but to certain aspects of the bill. One major objection is that there are many words in ADA that are not well defined—such as "mentally disabled," "accommodation," "accessible," "qualified" and "reasonable." Businesses are also worried about the cost of making changes and are afraid of being sued for punitive damage awards if they fail to comply with any part of the new law.

Rochlin, whose President's Committee on Employment of People with Disabilities contributed to the bill, reassures businesses. "The bill is meant to help disabled persons, not to hurt businesses," he says. "We want employers to be happy too." ❑

Financial help

Small businesses are pushing for financial aid to help defray at least part of the cost of making accommodations or of making a building accessible. Writers of ADA argue that since ADA is a civil rights bill, provisions for a tax refund or credit would not be appropriate. However, such help may be proposed in separate bills. Currently, under Section 190 of the Internal Revenue Code, businesses get a tax deduction of as much as $35,000 for architectural changes designed to aid disabled customers or employees.

The Targeted Jobs Tax Credit (TJTC) has just been extended through September 1990. This tax credit is given to those involved in hiring and training hard-to-employ individuals, including persons with disabilities. The credit is generally equal to 40 percent of the first $6,000 of qualified first-year wages paid to a member of the targeted group—for a maximum of $2,400 per individual. (See the October issue of ***Restaurants USA*** for more information about this underutilized credit.)

Through the Job Training Partnership Act (JTPA) employers can be reimbursed as much as 50 percent of the first six months' wages for each full-time disabled employee.

The National Association of Retarded Citizens On-The-Job Training Program in Arlington, Texas, will reimburse part of the entry wage of a mentally retarded employee (50 percent of minimum wage for the first 160 hours of employment and 25 percent for the second 160 hours). Call ARC at (817) 640-0204 for more information.

And the Department of Labor will issue a minimum-wage exemption certificate allowing employers to pay 50 to 75 percent of minimum wage for some disabled workers.

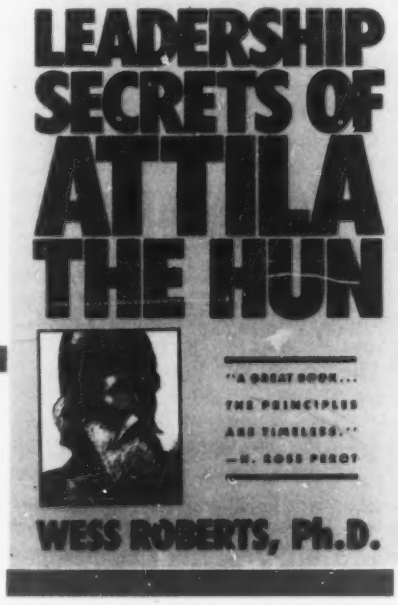
Brother Philip Nelan at the National Restaurant Association can discuss these financial incentives further. Call (202) 331-5900 or 1-800-424-5156.

LEADERSHIP

THROUGH THE EYES OF A WARRIOR

Leadership concerns took center stage in 1989. From ***Restaurants USA's*** "Year of the Employee" articles to the leadership panel at MUFSO, "leading people and not managing things" was an often-repeated idea in industry publications and meetings this year. Popular titles also focused on the topic, as readers in all walks of life looked for inspiration and direction to leave a mark during an increasingly competitive time.

One book on leadership, however, literally popped off the shelves in 1989 and onto the ***New York Times' bestseller list.*** Its unlikely hero made it stand apart from the other titles on the management racks. After all, who could refuse to open a book entitled ***Leadership Secrets of Attila the Hun?*** Not even ***Restaurants USA.*** Managing Editor Elizabeth Wallace talked with author Wess Roberts to find out more about the principles in his book and how they apply to foodservice.



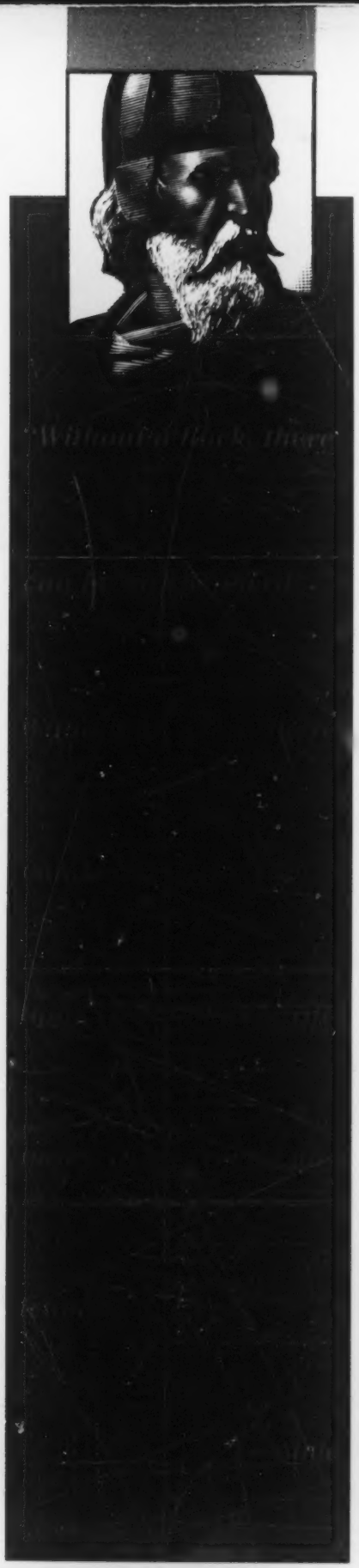
For author Wess Roberts, holding Attila up as a leadership standard was a risk, but one he felt justified in taking. Roberts, who works as vice president of human resources development at Fireman's Fund Insurance in Novato, California, waited 10 years to write a book on leadership—a book that would translate knowledge from his military, corporate and personal experiences into usable information for readers.

"I wanted to make a statement that leadership is not as complicated—or even as faddish—as people think. If you study history, there is always one constant element—human behavior—and it doesn't change much," Roberts claims. "We work under different circumstances and different technologies, but what attracts people to a leader hasn't changed. The fundamentals of leading have always remained the same."

Roberts didn't want to write just another predictable management book, however. "I needed to find a 'hook.' If I wrote *Leadership Secrets of Wess Roberts* who'd be interested?" Enter Attila.

"You must have a passion to succeed—a passion that drives you to prepare yourself and your Huns to excel."—Attila on "You've Got to Want to Be in Charge"

Roberts decided to base his book on a role model, but he wanted a different kind of hero—one that would grab people's attention. It was his son who helped him find one. Ten-year-old Jason suggested he base the book on Attila the Hun. Although Attila seemed an unlikely choice for a positive leadership model, Roberts took



the suggestion seriously. And he began to investigate.

"I noticed that people referred to a tough leader as an 'Attila the Hun'—whether as a compliment because that person got the job done, or in a negative sense, because that person seemed out of control," Roberts says. "Either way, it seemed that when people referred to someone as Attila, it meant that person got results. And results matter in corporate America."

After he did his research, Roberts found that Attila the Hun was an appropriate although misunderstood leader. "Attila was the first leader to give the Huns purpose," Roberts recounts. "He promised them prosperity—and he delivered by leading his armies into battle and recovering vast amounts of booty. He provided them with a homeland, and he freed them from slavery."

Once the hero was chosen, the next decision was to select a format for the book. Roberts decided to have Attila do the talking so readers would get a sense of how a leader thinks and acts. And he decided to proceed chronologically through Attila's life—from his formative years to his death—to illustrate leadership challenges at different stages of development.

Each chapter introduces a vignette from the life of Attila that illustrates a leadership tenet. After describing the situation, Attila speaks to his chieftains on related topics, which range from delegation to decisiveness.

The lessons that Roberts imparts through Attila's voice are meant to get the reader thinking about leadership from a new perspective. And the insights are meant for followers as well as would-be leaders. "By understanding how a leader thinks and acts, a person can accommodate the leader—both emotionally and mentally—and respond appropriately," he explains.

The book has its detractors. Not everyone is comfortable with a historical figure of such ill repute being held up as a role model for leadership. In fact, 17 publishing houses rejected the manuscript before Roberts published the book at his own expense. But word of the book got out quickly, and so many corporate leaders enjoyed it that the book was eventually picked up by Warner Books.

"Chieftains must hold a profound conviction of duty above all other convictions."—Attila on "Responsibilities of a Chieftain"

Throughout the book, Attila impresses upon his chieftains the importance of serving the Huns who follow them. Roberts believes this sense of duty towards employees is the key to success in the business world today and should be the mission of every person who has subordinates.

"For example," Roberts explains, "if you were to open a restaurant, you could 1) focus on your investors, 2) focus on your customers or 3) focus on your employees. I would choose number 3. If you focus on your people by making your restaurant the kind of place where they really want to work, they will feel good about themselves, and they will be eager to please.

"So what happens? They have a good work attitude. This leads to good service, which leads to happy customers." And Roberts concludes that the happy customers bring the profits that please the investors. Therefore, by deciding to treat employees well, the other two objectives are accomplished, too.

"People will get you the results. Loyalty starts with management. You have to be loyal to your people first to prove that you deserve their loyalty and are worthy of being followed," Roberts says.

And this loyalty is gained by making decisions as a leader, not a manager. Roberts describes what he sees as the difference between the two: "Leaders provide direction, circumspection, an example. Managers keep track of things. Sometimes the best management decisions are the worst leadership decisions. For example, if I'm a restaurant manager and I know that November is a slow time for my business, one management decision may be to lay off five employees to save labor costs. Or I could dip into my reserve, keep these people working so that I don't lose them forever." Roberts believes that the ability to make these difficult decisions is

what makes leaders strong—and why strong leaders are rare. "If leadership decisions were easy to make, more people would be leaders," he notes.

"Ours is too great and too complex a nation for even such as I, Attila, to direct and lead every action. I must entrust you with certain important duties as chieftains of your various tribes. If I cannot, we are destined to wander as small bands of nomads.
—Attila on "The Art of Delegation"

Although *Leadership Secrets* devotes a chapter to delegation, this technique is perplexing in a system that advocates such strong leadership from the top.

"There are three main points to remember about delegation," Roberts explains. "First, not everyone wants to be delegated to; people have to want the responsibility. Second, not everyone is prepared to make decisions at all times; you have to understand your people and know what they are capable of. And third, if you don't feel good about delegating a job—don't delegate it." As Attila says, "Chieftains should never delegate responsibilities necessitating their direct action."

So a leader must carefully decide what to delegate and to whom, but once the decision is made, a leader must be willing to let go and not interfere in the way the subordinate does the job. This will mean that mistakes will occur, but Roberts reasons the mistakes can lead to good things. "Making a mistake on a delegated task could be the greatest teaching moment. When a student gets 98 out of 100 answers right, you should review those two wrong answers—they could be the two most important points."

"It is the wise chieftain who prepares himself for the eventual moment when his time has passed and a new chieftain is about to take charge. This preparation should be made over time, to avoid precipitating insecurity or loss of commitment or dissipating confidence."—Attila on "Departing with Nobility"

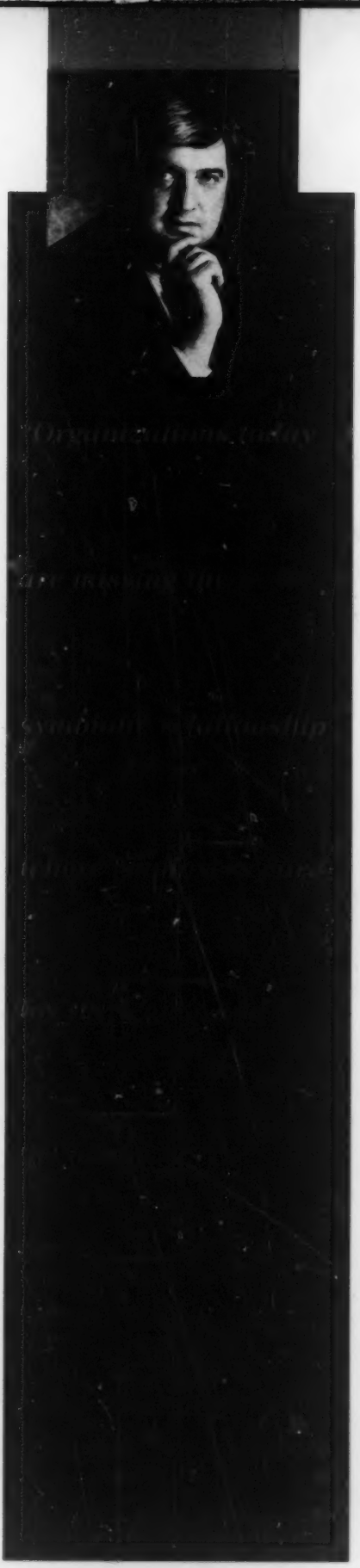
Perhaps Attila's greatest failing is that he didn't leave a successor. At the time of his death, the Huns were still largely ignorant and unprepared to set up a functional society. Roberts offers some possible reasons why Attila didn't leave a successor. First, he died very suddenly—and some say under suspicious circumstances—in his early 50s. Second, he was worshiped by many of his people as a god. (He, too, might have believed he was immortal.) And finally, Roberts believes that Attila overestimated his sons' ability to succeed him.

Just as there are lessons in the way Attila lived, Roberts claims there is a lesson in the way he died. "He was like an entrepreneur in today's business world who didn't have time to set up a structure for the business to continue after he left." Roberts believes a successor must be cultivated. "We overestimate our subordinates' ability to learn by just 'hanging around.' We don't mentor them enough or educate them enough. They need our guidance," he says.

"We must never fail to analyze the past. No bleached bone of a battle-lost Hun must go unnoticed as we prepare for the future by laying aside the ill-conceived and undisciplined strategies of our past. We must form new policies and practices into a Hunnish unity of well-defined purpose."
—Attila on "Lessons Learned"

There is no question that *Leadership Secrets of Attila the Hun* has been noticed. It is being translated into 13 languages. It is available on audiocassette, and it has even been transformed into a videotape, with an actor giving a "dramatic reading" of the text and with Roberts answering questions.

But perhaps its greatest success is that it encourages readers to question not only their own leadership style, but also history itself. Roberts hopes that readers will draw parallels between the life and times of Attila and the modern world of business and come away with a new way of looking at leaders and the people they must lead. ❑



by Claire Regan, R.D.

"Zooming," "skyrocketing" and "extraordinary" are a few of the adjectives food-industry analysts use to describe sales of oat-bran products. There's no question, consumers are being bombarded with foods containing oat bran, and they're eating them up. In 1988 sales of oat cereals soared about 200 percent from 1987 levels. And in 1989 consumers could choose from an increasing number of oat-bran products—from pasta to pretzels. Seventy-one oat-bran products were on the market by July 1989, up from 44 in 1988. Even foodservice operators have jumped on the oat-bran bandwagon with the likes of oat-bran muffins and doughnuts.

Why oat bran

What's fueling the oat-bran frenzy? In a word, cholesterol. Studies have shown that oat products, in conjunction with a low-fat diet, reduce cholesterol levels. The subjects in these studies consumed 35 grams of oat bran a day—the equivalent of 2 ounces of cereal (about one cup of cooked cereal). Surprisingly both oat bran and oatmeal had similiar cholesterol-lowering effects: Cholesterol levels declined only about 3 percent. Other studies have had more dramatic results, but the amount of oat products needed are unrealistic in a normal diet. With the data from these studies in hand, manufacturers were off and running. Nutritionally savvy consumers, eager to purchase heart-healthy products, gobbled up oat-bran muffins, cookies, breads and crackers.

The boom in the oat market caught farmers and manufacturers off guard. According to *Food Engineering* magazine, the 1988 oat crop was reduced due to prior low demand. This, plus the damage of the drought, caused prices to rise as much as 25 percent, leaving oats affordable only for larger manufacturers.

Other fiber elixirs

So researchers are scrambling for other fiber elixirs that will have the same marketing magnetism as oat bran. This should not be difficult since most foods rich in water-soluble fiber, the same fiber present in oats, also lower cholesterol levels. Diets supplemented with dried beans have been shown to have cholesterol-lowering effects equivalent to diets with added oat bran. Initial studies using rice bran or rice-bran oil look promising; and fruits, especially apples and citrus fruits, also are sources of soluble fiber. Foods containing apple fiber, guar gum, barley, rice bran and rice-bran oil are likely to be competing with oat-bran products for supermarket shelf space in the 1990s. And contrary to scientific speculation, corn bran, which like wheat bran contains primarily insoluble fiber, also could be an effective cholesterol-lowering agent.

So what's the bottom line here? Dietitians and nutritionists are quick to point out that to lower cholesterol levels, oat bran and other foods high in soluble fiber should not replace low-fat diets. Rather, these foods can be used in conjunction with diet and exercise in cholesterol-lowering efforts. Also keep in mind the amount of oats and oat bran used in the studies. Many commercial products that tout oat content contain one-quarter

Claire Regan is manager/staff nutritionist at the National Restaurant Association.

CHOCK-FULL-OF-FRUIT OAT-BRAN MUFFINS

Makes 12 muffins

Ingredients:
1¼ cups of oat bran
1 cup rolled oats
¼ cup brown sugar
1 Tbs. baking powder
1 tspn. ground cinnamon
1 very ripe medium banana
2 tspns. finely shredded orange peel (1 small orange)
¼ cup fresh orange juice
2 Tbs. vegetable oil
2 egg whites
1¼ cup skim milk
1 cup dried mixed fruits

Method:
Adjust oven rack to the middle position and heat oven to 425° F. Line a muffin tin with paper baking cups; set aside.

Put bran, oats, brown sugar, baking powder and cinnamon in a food processor fitted with the metal blade, and process until thoroughly mixed (the oatmeal will be ground slightly). Add the banana and process until pureed. Add orange peel, orange juice, oil, egg whites and milk; process just until the batter is smooth. Stir in dried fruits.

Spoon batter into muffin cups. Bake muffins for 22 to 23 minutes or until browned. Cool before serving.

Muffins can be wrapped in foil and frozen. To defrost, unwrap, rewrap in a paper towel and microwave on high power for 30 seconds.

Hint: For ease of removal, use foil muffin liners. They pull off easily, especially for recipes that are lower in fat.

Nutrients per muffin:
Calories—147; protein—4 g; carbohydrate—26 g; fat—3 g; sodium—103 mg; cholesterol—1 mg

—Recipe from Jane Saltzfass Freiman for Project LEAN

to one-tenth the oat bran delivered in a serving of cooked oat-bran cereal. Besides, some of them, like muffins and doughnuts, are high enough in fat to offset the potential benefits of the oats. In fact, it is necessary to eat as many as five oatmeal English muffins or 10 oat-bran bagels to reach the level of oat bran (35 grams) that produces a 3 percent drop in cholesterol levels.

Foodservice will not be overlooked

Foodservice operators will not be overlooked by companies marketing oat-bran products. Muffin mixes and crunchy oat-bran toppings, suitable for a variety of foods from ice cream to fruits, are a couple of examples. When purchasing these products, look for those with the highest amount of oat bran per serving and the least amount of fat. Some of the oat-bran pancake products and pastas are good choices. When using oat bran in a recipe, remember that one-third cup of precooked oat-bran hot cereal has about 28 grams of oat bran. To be nutritionally beneficial, oat-bran muffin recipes that yield at least one dozen muffins should have no more than one-quarter cup of fat and only one egg yolk, and should call for skim or low-fat milk.

Finally, when promoting oat-bran foods, be careful about the health claims you might be tempted to make about them. Despite some of the statements made by food processors, the Food and Drug Administration still does not permit health claims to be made in conjunction with food products. Such a statement would promote a food as being effective in the prevention, cure, mitigation or treatment of a disease. Therefore, relating food containing oat bran to the prevention of heart disease is illegal. In fact, the state of Texas is suing a food manufacturer for making health claims for its oat products, which are promoted for their cholesterol-lowering benefits while downplaying the significance of a low-fat diet. Foodservice operators would be wise to promote oat-bran foods on the basis of their ingredients alone. ❑

CALIFORNIA CLING PEACH & OAT-BRAN MUFFIN

Makes 100 muffins

Ingredients:
8 cups oat bran
8 cups flour (whole wheat can be used)
7 Tbs. baking powder
2 Tbs. nutmeg
2 Tbs. cinnamon
4 tspns. salt
4 tspns. baking soda
2 qts. dates, chopped and pitted
1 qt. apple juice
2 #10 cans peaches in juice, drained
2 cups safflower oil
8 eggs, slightly beaten
8 egg whites, slightly beaten

Method:
Combine dry ingredients.

Heat apple juice and dates in a heavy saucepan, stirring occasionally until mixture is thickened and well combined. Set aside and let cool.

Puree drained peaches and measure one gallon.

Combine peach puree, date mixture, oil, slightly beaten eggs and slightly beaten egg whites, and stir lightly.

Add peach mixture to dry ingredients all at once, and mix lightly just until moistened. (Overbeating will create tough, coarse muffins.)

Line 100 muffin cups with baking liners and fill with muffin batter almost to the top. Bake in pre-heated 350° F. oven for 15-17 minutes or until done.

Nutrients per muffin:
Calories—176; protein—3.9 g; carbohydrates—28.8 g; fat—5.8 g; sodium—119 mg; cholesterol—25 mg

The nutrient positives for this recipe include the use of oat bran, dates and peaches for dietary fiber. The recipe controls total fat so that it is below the suggested dietary guidelines not to exceed 30 percent calories from fat.

—*California Cling Peach Advisory Board*

Canola—the cooking-oil darling?

During 1989 canola was the darling of the cooking-oil market because of its low saturated-fat content and high levels of monounsaturated fat. Canola, like olive oil, has been praised for its cholesterol-lowering abilities, and like other vegetable oils, it can be processed into solid shortening and margarine.

Canola oil is extracted from the seeds of the rape plant, which is a member of the same botanical family as turnip, cabbage and mustard plants. The majority of canola is grown in Canada, where the cool weather and high moisture levels are conducive to its growth.

Canola oil is available to foodservice operators as both liquid oil and frying shortenings under a variety of brand names, such as Puritan canola oil, Nutrafry and Optima. Although foods cooked in canola have a lower saturated-fat content than foods cooked in other oils, initial studies suggest they could be higher in total fat. A study comparing soybean and canola shows that food fried in canola absorbed 4 percent more fat than the same products fried in soybean oil. Since the canola oil costs more than soy oil, which produced a product of equal quality, the researchers recommended continued use of soybean oil.

THE CASU

OF THE AMERI

by David Slater

Restaurant customers are a notoriously fickle bunch, prone to whims and fancies that can break a restaurateur's heart. Although they still have time for high-priced, formal restaurants, today's dining public wants an experience that's slightly more fun and casual. Operators have responded by slipping into something more comfortable . . . and their disarming designs, efficient but casual service, and healthier, more traditional food—served at prices that make it slightly easier to swallow—seem like a match made in heaven.

Appealing to a wider market

The casual restaurants that are becoming the new customer magnets follow no definite formula, except that comfort, not formality, is their guiding philosophy. These casual restaurants range from bistros, cafes, trattorias and grills to ethnic, specialty and theme operations. Some cater to couples with children, others to singles. Some have spent as much money to look casual and familiar as many restaurants spend to look spectacular. And although some of these restaurants have check averages that seem to belie the "casual" classification, these less formal operations generally are aiming for lower checks and faster turns.

Because they put less strain on the customer's time and wallet, informal operations are less likely to turn into solely special-occasion restaurants. But, as Chicago designer Mark Knauer is quick to point out, "They still are characterized by a high degree of service and a high level of food quality."

A revolt against pretense

The dining public's movement toward more casual midscale and upscale restaurants can best be viewed as a revolt against overly formal service and decor—and especially against food served in small portions at big prices. This revolt is powered by a combination of economic and sociological needs. "People are too active to cook every night," says Sammy Catania, co-owner of suburban Cleveland's Swamp Club Cafe, "but economically speaking, they are becoming more cautious." What people of all economic levels seem to be looking for, he adds, is better perceived value.

One of the reasons customer are less inclined to spend huge sums is that quality dining options have never been better. "As competition has increased," explains Lydia Shire of Biba restaurant in Boston, "the quality of restaurants has gone up, and people have found they don't have to spend a lot of money to get good food."

With the older baby boomers, in particular, more practical economic concerns come into play. George Mannion, general manager of Den-

David Slater is a communications specialist at the National Restaurant Association.

ALIZATION

AN RESTAURANT

At Cucina!Cucina!, a luncheon counter and open kitchen entertain customers and tie them more intimately to the dining experience.

ver's Beach Grill, a casual midscale theme restaurant, says that the people who used to frequent the trendy upscale restaurants he has run simply "can't afford to do that now. All the baby boomers have kids. Now the first thing they're looking for is a reasonable menu price."

Not the formal multi-course meal

In general, the menus differ from those at more formal restaurants in that they offer customers more flexibility in pricing and selection. Realizing that few people have the wallet, stomach or time to enjoy a multi-course formal meal every night, operators have gotten back to basics.

As expected in a category that includes such a variety of concepts, the menus range from homestyle American standards to lighter California-style cuisine and authentic ethnic foods. Some menus include a combination of sophisticated, complex dishes and simpler, lighter foods. And because many customers feel comfortable grazing or sampling, lower menu prices are often offset by an increase in the number of dishes ordered.

Authentic old photographs hung on pine planking (at background of picture) give customers a feeling of familiarity at Chicago's Old Carolina Crab House.

For example, at the Swamp Club Cafe, where the eclectic American menu includes a "cross-cultural" variety of fish, grilled meats and pastas, co-owner Sammy Catania moves "tons" of veal meatloaf with gravy and potatoes. "There was a cycle where people were excited about seeing food as an art form," he explains. "But things got carried away and people got turned off by the pretense; people have always liked good basic food."

At Mimma's Cafe in Milwaukee, Wisconsin, customers also are stand-

ing in line for homestyle food. But in this case the attraction is homestyle Italian, not American, dishes. Owner and chef Mimma Megna serves a rotating menu of simple pastas, meats and fish from different regions of Italy at prices ranging from $5.95 to $12.95. "Five years ago, this menu wouldn't have worked because people were more into fads," says Megna. "Now they are into health, feeling at home and having a good meal."

Joe Lynch, owner of Dexter's, two white-tablecloth American grills in Birmingham, Alabama, also agrees that health concerns are one of the reasons menus have become more basic. "We're constantly revamping the menu to make it a little more casual," he says. "The general clientele wants simpler food items, with more grilled dishes and less heavy sauces." Grilled dishes, such as catfish, rib eyes, flank steaks and fillets, have turned into big movers on Dexter's menus, says Lynch.

Of course, none of this is to suggest that the menus at the new informal restaurants can't be sophisticated and even trendsetting. At Biba restaurant, for example, Shire's eclectic menu, which features such dishes as "gingered beef in steamed dumplings with toasted sesame," "crisp corn cakes with sauteed lobster and smoked cod" and "calves' liver with flaky turnip pastry and 'sort of burnt' Maui onions" can hardly be called "casual." But the surprising twists Shire gives to staple regional ingredients add to the atmosphere at her self-described "chic brasserie." A complete meal check average of $30 to $35 is the most important reason why Shire considers her restaurant to be casual.

Casual, efficient service

One of the keys to a comfortable, casual dining experience, of course, is the service, and many of today's casual restaurants are striving to remove some of the stiffness from their customer interaction, without compromising efficiency.

At Dexter's in Birmingham, general manager Steve Ennis has found that "When the same guy is doing everything at the table, it is simple to establish a one-on-one relationship with the customer."

In Seattle, Bill Schwartz, president of the Schwartz Brothers restaurant organization (7 units), has discovered that one of the keys to casualizing service is allowing servers to express their individuality in both their dress and their interaction with customers. At the company's two Cucina!Cucina! Italian bistros, for example, the servers dress within certain color schemes, but can select their attire from a versatile, casual line of Cucina clothing, including shorts in the summer.

Also important to Cucina's casual service atmosphere, says Schwartz, are the waitstaff's unscripted presentations and their general freedom to "be themselves." The casual atmosphere makes patrons less demanding, adds Schwartz. "We still take good care of them, but people want to have fun; and formal restaurants just are not as much fun."

Display kitchens, too, are being used to entertain customers and tie them more intimately to the dining experience, as are lunch counters, which are an ideal way to serve individual diners because they make solos feel less conspicuous. At the Yankee Diner in Seattle, for example, customers eat breakfast, lunch and dinner at the 40-foot-long, 16-seat, scrolled-back lunch counter/bar.

Although there is a danger in making customers feel so at home in a restaurant that they don't want to leave, in general, most operators agree that the hustle-bustle atmosphere of the bistro-style restaurant, combined with the time pressure under which most customers already operate and the short preparation time of today's simpler dishes, keeps patrons from sitting too long.

Casual decors

In a departure from the 1980s, when restaurant design was intended to dazzle, amuse and make up-to-the-moment fashion statements, the unifying characteristic of today's casual atmosphere is that it includes elements that are familiar to the target market. Whether it is the "retro" diner or a modern bistro with a breathtaking waterfront view, designers are including features that disarm and relax patrons to give them a feeling of comfort rather than formality.

"There's so much hustle and bustle in daily life that when people go out, they want to get away from the strictness of the business world," says designer Bob Mesher, of Seattle's Mesher, Shing and Milton. "The atmosphere that allows them to relax is one that is casual and fun."

At the Swamp Club Cafe, for example, which is housed in a 95-year-old building built on swampland, the owners used neutral colors, such as burgundies, greens, light oaks and camels, and tongue-and-groove pine suggestive of the family room in a large suburban home. "It's a relaxing atmosphere that includes nothing to offend anyone," says co-owner Catania.

Even when the designs are more eclectic combinations of high-tech and post-modern elements, they are tempered by traditional features that the customer can grasp onto. For example, Cucina!Cucina! includes a modern bistro design with knotty pine on the floor and walls. The pine gives the design an element of surprise, but also of familiarity and "realness," says designer Mesher.

Mark Knauer of the Chicago design firm Knauer, Inc., says that the best way to make people feel at home in today's casual restaurants "is to throw some elements at them that they feel comfortable with."

To add a feeling of familiarity to Chicago's Old Carolina Crab House, Knauer took photographs of employees fishing when they were kids and hung them on an old pine planking. Personal elements like the photographs, says Knauer, "communicate a feeling that your needs will be taken care of by the owner or someone who cares about you."

An influential market

The casualization of the midscale and upscale restaurant sector is having a decided effect on the foodservice industry.

Will the baby-boom generation maintain its behavior as it matures? Observers seem to think so, according to this year's National Restaurant Association forecast. ❑

1990 NATIONAL RESTAURANT ASSOCIATION FOODSERVICE INDUSTRY FORECAST

HIGHLIGHTS

The industry is entering its tenth consecutive year—a decade—of real growth.

□ **Foodservice industry** sales are projected to reach $241.3 billion in 1990—an increase of 6.2 percent over 1989.

□ Even though the economy will be growing at a slower pace, real sales, adjusted for inflation, should rise 1.8 percent—a slight improvement over 1989's 1.5 percent real increase.

□ **The Commercial Foodservice Group** will post sales of $213.9 billion in 1990—up 6.3 percent over 1989. Adjusted for inflation, this represents a real gain of 1.9 percent.

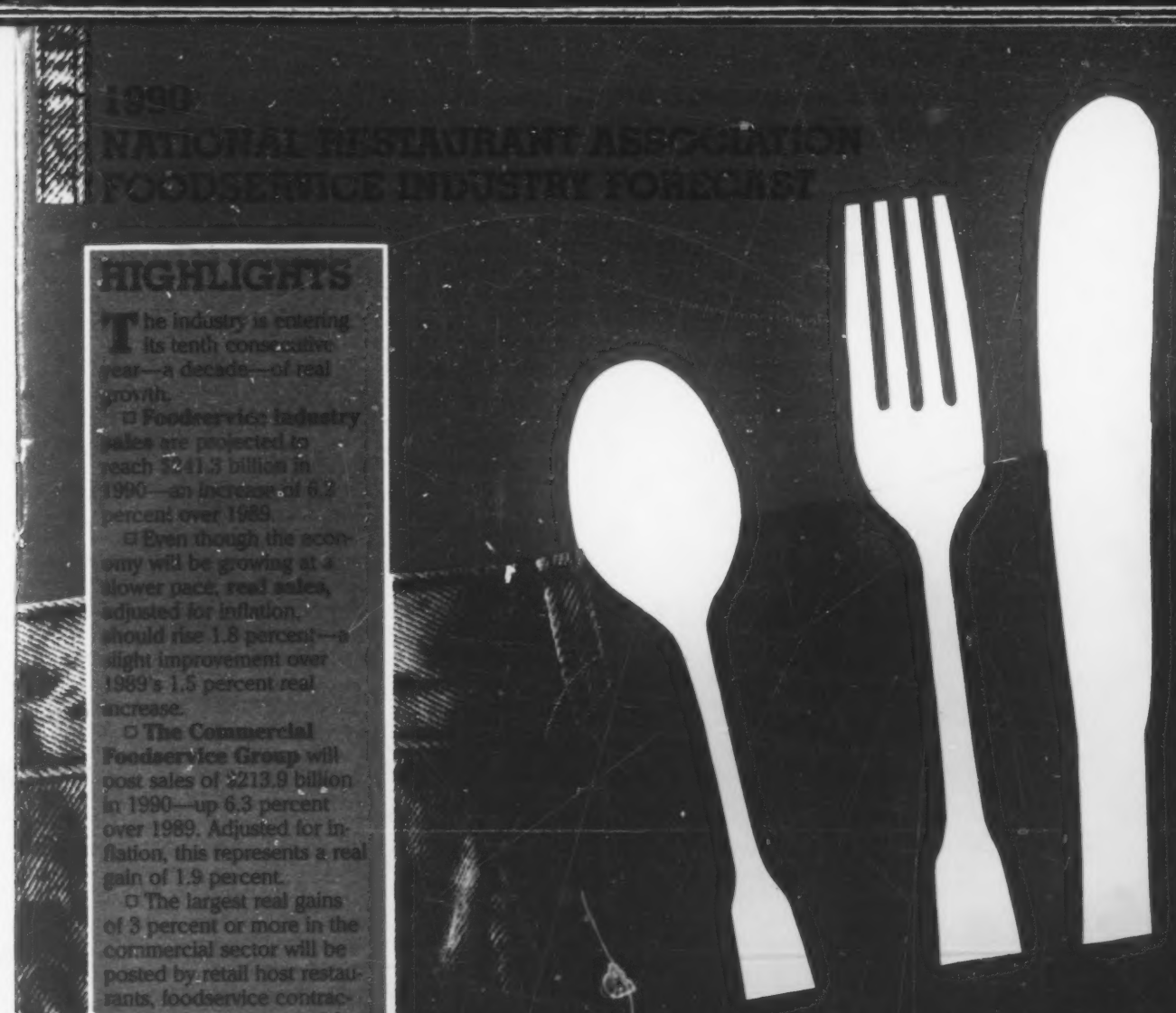
□ The largest real gains of 3 percent or more in the commercial sector will be posted by retail host restaurants, foodservice contractors, social caterers and fast food outlets.

□ Sales for the **Institutional Foodservice Group** are expected to rise 5.0 percent or 0.9 percent in inflation-adjusted dollars.

□ In the institutional sector, real gains exceeding 3 percent are forecast for transportation foodservice, community centers, clubs, and sporting and recreational camps.

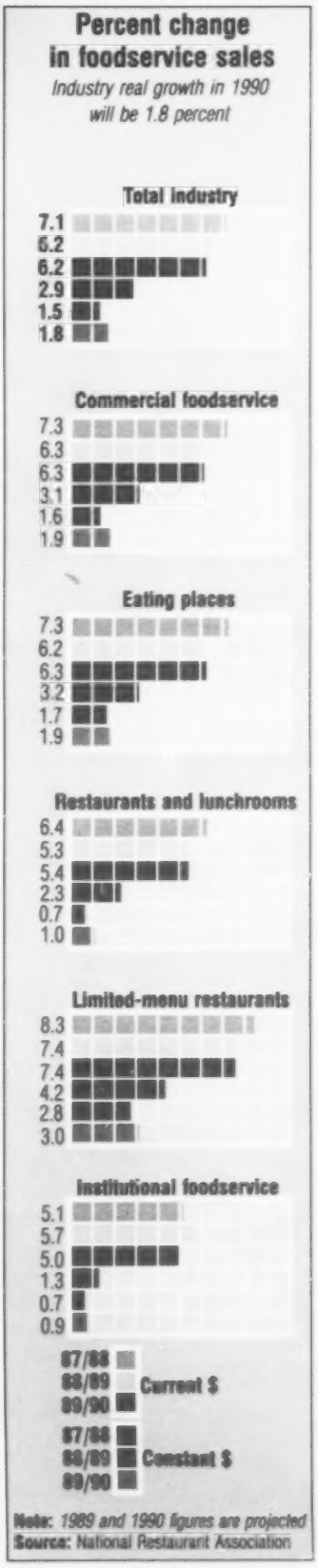
□ Menu prices are expected to advance 4.4 percent in 1990, down slightly from the 4.6 percent increase in 1989.

The information in this report was prepared in consultation with the research firm Malcolm M. Knapp, Inc.



Overview—a decade of real growth
The economy—longest peacetime expansion since World War II
A new approach to demographics
Consumer attitudes toward takeout and delivery, casual dining, ethnic food
Food and beverage trends— old favorites have new accents; new ethnic darlings; greater variety of produce; carbonated, low-alcohol drinks
Health and nutrition concerns continue
1989 menu analysis reflects trend toward casual dining
Industry operations—competition heats up, operators look to international marketplace, operations data
Labor trends
Marketing/advertising
Solid-waste-reduction efforts
Legislative/regulatory highlights
Major market outlook
Regional and state forecast

OVERVIEW: A Decade of Real Growth



The foodservice industry is primed for its tenth consecutive year of real sales growth. Industry sales in 1990 are expected to total $241.3 billion—an increase of 6.2 percent above the $227.2 billion recorded in 1989. Real sales, after adjusting for inflation, are projected to advance 1.8 percent, equal to the expected increase in the Gross National Product (GNP).

In 1990, industry sales will be up by $14.1 billion—roughly equivalent to annual sales at the nation's jewelry or shoe stores. Although the industry has matured and the extraordinary percentage gains of earlier years are not being matched, absolute dollar increases are still expected to be substantial, presenting a host of opportunities for foodservice operators.

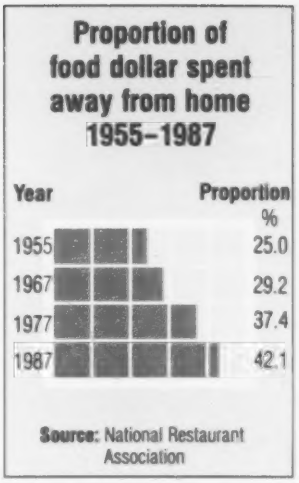
Food and drink sales in the Commercial Foodservice Group are forecast to show the strongest industry gains in 1990, advancing 6.3 percent to $213.9 billion and accounting for 88.7 percent of total foodservice sales.

In inflation-adjusted dollars, sales for the Commercial Foodservice Group are projected to rise 1.9 percent in 1990—up slightly from the 1.6 percent real growth experienced in 1989. Within the Commercial Foodservice Group, eating place sales, which account for almost two out of every three industry dollars, are expected to reach $156.4 billion. Eating place sales are forecast to increase 6.3 percent in 1990 or 1.9 percent in inflation-adjusted dollars. In comparison, real eating place sales advanced a slightly lower 1.7 percent in 1989 because consumer spending on durables was higher than expected and summer traffic was relatively weak.

The Institutional Foodservice Group is forecast to post sales of $26.2 billion in 1990—up 5.0 percent from sales of $25.0 billion in 1989. In real terms, this translates into a 0.9 percent advance—up from the 0.7 percent real growth posted by this sector in 1989—and reflects positive growth in the transportation and hospital sectors as well as for clubs, sporting and recreational camps, and community centers.

Military Foodservice Group sales in 1990 are expected to climb to $1.1 billion, a 5.8 percent increase over 1989. After adjusting for inflation, real sales are expected to advance 1.4 percent—up slightly from the 1.2 percent real gain for 1989.

In sum, the 1990 forecast is for continued but modest growth with ample opportunities for foodservice operators and their suppliers. Food away from home is no longer perceived as a luxury. Instead, it has become an increasingly important component of everyday life and nearly half of all adults purchase it on a typical day. Today's behavior patterns reflect a steady increase in share of the total food dollar being allotted to food prepared away from home. This long-term behavioral change, fueled by the fundamental need for convenience, especially among dual-earner families, is the basis for continued industry growth.



What's in store for the economy in 1990?

- *More modest growth:* Real GNP up 1.8 percent
- *Somewhat lower inflation:* CPI advancing 4.4 percent
- *Smaller advances in disposable income:* Real disposable personal income to grow by 1.9 percent
- *Slightly lower interest rates:* The annual average prime rate at 10.1 percent
- *Unemployment edging up:* Civilian unemployment rate at 5.6 percent

Source: *Blue Chip Economic Indicators*

THE ECONOMY

Because business conditions within the industry reflect general economic conditions, it is important to understand how the economy has performed in 1989 and to examine expectations for 1990.

1989 economic highlights

The rate of U.S. economic growth slowed in 1989. The GNP advanced an inflation-adjusted 2.9 percent, compared to the 4.4 percent real growth experienced in 1988. The period of continuous U.S. economic growth, which started in late 1982 and continued through 1989, marks the longest peacetime expansion of the nation's economy since World War II.

Inflation heated up slightly in 1989. The Consumer Price Index (CPI) advanced 4.9 in 1989, versus a somewhat lower 4.1 percent increase for 1988. The higher inflation rate was in part due to increases in grocery prices—a continued effect of the 1988 drought.

Overall, the nation's employment situation remained optimistic in 1989. The annual civilian unemployment rate edged downward to 5.3 percent from 5.5 percent in 1988. Also, the number of employed civilians rose to a record number of 117.4 million. This 2 percent gain in civilian employment, combined with continued spending by consumers, helped to fuel economic growth in 1989.

Real disposable income posted a 3.8 percent gain in 1989, following a 4.4 percent advance in 1988. On the strength of this gain, consumers continued to increase their spending, although at a somewhat reduced rate—a 2.4 percent real gain in 1989 versus 3.4 percent in 1988. Consumers also put the largest share of their income—5.3 percent—into savings since 1984. To increase savings and indulge themselves in goods and services, they took on record levels of debt in 1989; the outstanding sum exceeded $700 billion.

How consumers perceive their financial situation and the amount of cash they have on hand influences their spending for food away from home. When Americans buy large capital goods on credit, their fixed charges against income go up, and eating places can be hurt in the short run. Although the match is imperfect because a myriad other factors are involved in determining expenditures for eating out, it is interesting to look at auto and truck purchases in 1989 versus foodservice patronage. For example, in March 1989 purchases of new cars and light trucks jumped almost 19 percent from the prior month, and the proportion of adults who were foodservice patrons on a typical day dropped 7.4 percentage points.

In August 1989 a similar phenomenon occurred. Consumers were offered extraordinary incentives to buy cars, coupled with news that prices in the "new model year" would be up substantially. Again, new-car and light-truck sales leaped 13 percent. At the same time foodservice patronage declined 5.7 percentage points, as measured by the National Restaurant Association's "Foodservice Market Measure." Taking on new debt to finance their big durable-goods purchases, consumers found themselves short of cash in what is traditionally one of the strongest months of the year for eating places.

In sum, 1989 sales growth for eating places did not meet expectations based on the gain in consumer income, because cash on hand was squeezed by unanticipated major purchases.

Economic expansion to continue in 1990

The economy should continue to grow at a modest pace in 1990, according to *Blue Chip Economic Indicators* (October 1989). This consensus forecast for key economic variables by more than 50 top economists predicts that real GNP gains will be lower in 1990 than in 1989—up 1.8 percent, compared to the 2.9 percent advance for 1989.

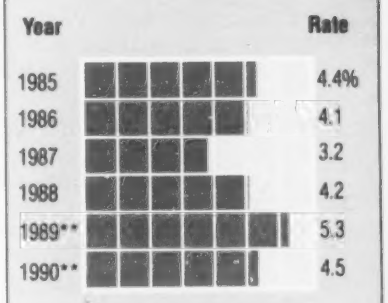
An additional economic barometer for the restaurant industry is the rate of change in disposable personal income. Real disposable personal income is forecast to advance 1.9 percent in 1990—down from a higher 3.8 percent increase in 1989. However, consumers are also expected to lower their savings rate to 4.5 percent of disposable personal income in 1990, down from a higher 5.3 percent rate in 1989.

As a result of a smaller advance in real disposable personal income, consumer spending is forecast to grow a more modest 1.8 percent in 1990. Real durable-goods purchases are expected to increase just 0.6 percent, compared to the larger 2.6 percent advance recorded in 1989. Consequently, a 1.7 percent increase in industrial production in 1990 is expected—down from the 3.3 percent advance posted in 1989.

With a lower rate of growth in consumer spending and industrial production, the nation's 1990 civilian unemployment rate is expected to edge upward to 5.6 percent. Housing starts are expected to remain essentially stable at 1.4 million units, while car sales (both domestic and imports) are forecast to decline from 10.1 million units in 1989 to 9.9 million units in 1990. Interest rates are expected to moderate slightly in 1990, with the prime rate dropping to an annual average of 10.1 percent, down from 10.8 percent in 1989. Also moderating somewhat in 1990 should be the inflation rate.

(continued on page 26)

Personal savings rate:* 1985–1990



**as a percent of disposable income*
***projected*
Source: Department of Commerce, Bureau of Economic Analysis; *Blue Chip Economic Indicators*

The employment profile: 1985–1990

**projected*
Source: Department of Labor, Bureau of Labor Statistics; *Blue Chip Economic Indicators*

EATING-PLACE HIGHLIGHTS

Eating places, which account for nearly 65 percent of total foodservice sales, posted a 6.2 percent sales gain in 1989, with sales reaching $147.0 billion. The forecast for 1990 indicates that sales in this segment should continue to expand as total eating-place sales reach $156.4 billion, a 6.3 percent increase over 1989. Adjusted for inflation, eating-place sales will grow 1.9 percent in 1990.

Fast food (limited-menu restaurant) sales are expected to climb 7.4 percent in 1990, reaching $70.4 billion. Real sales are expected to increase 3 percent.

Fast food continues to be the foodservice growth leader, generating nearly half of the real gain in dollars for the industry, compared to 18 percent for tableservice restaurants. Fast food is expected to lead tableservice restaurants in both nominal and real growth for the foreseeable future.

Nevertheless, the growth differential for fast food and tableservice establishments will decline as the difference in rate of unit expansion all but vanishes. Recent Census data show similar rates of expansion for both tableservice and fast food restaurants between 1982 and 1987. The fast food sector grew by nearly 18,500 units at a compound annual rate of 2.9 percent, versus 19,500 units and a compound annual rate of 2.7 percent for tableservice restaurants. Major fast food chains will seek to maintain their growth rates by continuing to expand more rapidly in markets outside the United States. Moreover, fast food concepts are being located in such nontraditional locations as hospitals and schools.

The fundamental driving forces behind fast food sales growth continue to be convenience, quick service and a high perceived value by the consumer. However, fast food as a segment has become more vulnerable due to higher menu prices and a slow-down of service at peak times because of increasingly complex menu offerings, which are being made to shore up specific dayparts and to go after new markets. In addition, coupons and other promotions are being offered nearly nonstop to generate traffic.

Since fast food is primarily a cash business, as is most of the eating-away-from-home market, its sales are sensitive to both real income growth and squeezes in cash flow, which may come as a result of large durables purchases. An example of such a squeeze occurred in August 1989, when consumers purchased record numbers of cars and light trucks. Because a similar situation is not expected to occur in 1990, real growth for fast food should outpace 1989's gain despite slower economic expansion and a slower increase in real income.

Further attempts to increase the availability of home delivery beyond the pizza sector are expected in 1990. Also, there will be increased use of limited-time offers of specific items on the menu as a promotion vehicle to generate traffic.

Sales at **restaurants and lunchrooms** are estimated to reach $77.2 billion in 1990—a 5.4 advance from 1989. Real growth in 1990 is projected at a rate of 1.0 percent—up from the 0.7 percent real growth rate in 1989. One major reason for continued growth, even if at a low rate, is that food away from home is not considered a luxury but rather an important component of today's lifestyle. Everyday patterns of behavior are changing, and the fundamental need for convenience is driving consumers to maintain their eating-out/takeout frequency. This change in behavior, stimulated in part by the pervasiveness of the two-earner household, means that a steadily increasing share of the total food dollar is being spent on meals and snacks prepared outside the home.

Competition among restaurants is intense. More restaurants are opening in neighborhoods, which hurts the dinner business of downtown restaurants. The restaurant environment has changed significantly because of the magnitude of competition directly resulting from an increasing number of eating places. With the pinch on consumer incomes, individuals are looking for more value for their money. In terms of price increases, upscale restaurants with a more formal atmosphere have been troubled by the change in consumer attitude away from free spending to comparative frugality—a change initiated as a result of the stock-market crash in October 1987. However, casual dining is gaining in popularity at a rapid rate—a 7.5 percent traffic gain between 1986 and 1988, according to CREST* data. This trend will continue to contribute to sales growth well into the next decade.

Ice cream and frozen-custard stands will record the third-best overall performance among eating places in 1990, due to the popularity of frozen yogurt and demand for premium ice cream. Sales are projected to reach nearly $2.2 billion—a 7.2 percent gain—up from $2.0 in 1989. In real terms, sales should advance 2.8 percent.

Commercial cafeteria sales are forecast to advance to $4.4 billion in 1990—a 5 percent increase over 1989. However, after adjusting for inflation, sales are projected to advance a slim 0.6 percent in 1990. The economic performance of cafeterias continues to be puzzling as they are well-positioned to take advantage of the consumer desire for food variety, value for the price and control over the composition of the meal taken to the table. Some major chains have responded with upgraded facilities, enhanced takeout services and value promotions. The long-term outlook for cafeterias is more positive than the short-term one.

Social caterers' sales are projected to climb a healthy 7.8 percent in 1990 to reach $2.2 billion, up from $2.1 billion in 1989. Real sales should rise 3.4 percent. With increasing emphasis on activities at home, social catering is perceived as a convenient way to entertain.

Sales at **bars and taverns** will reach $9.0 billion in 1990, virtually equal to the $8.98 billion in 1989. Sales are expected to increase only 0.3 percent in 1990, and after adjusting for inflation, sales will be down 4.3 percent. Increasing social pressure to drink moderately and a declining number of drinking establishments are responsible for the negative real growth in this segment.

**CREST stands for Consumer Reports on Eating Share Trends, a diary survey conducted by one of the NPD marketing and research companies.*

Foodservice industry food and drink sales projected in 1990

	1987 Estimated F&D sales ($000)	1989 Projected F&D sales ($000)	1990 Projected F&D sales ($000)	1989–1990 Percent change	1989–1990 Percent real growth change	1987–1990 Compound annual growth rate
Group I—Commercial Foodservice						
Eating places						
Restaurants, lunchrooms	$ 65,389,229	$ 73,235,148	$ 77,189,846	5.4%	1.0%	5.7%
Limited-menu restaurants, refreshment places	56,359,221	65,529,362	70,379,987	7.4	3.0	7.7
Commercial cafeterias	3,738,014	4,152,436	4,360,058	5.0	0.6	5.3
Social caterers	1,766,458	2,089,014	2,251,957	7.8	3.4	8.4
Ice cream, frozen-custard stands	1,735,592	2,033,680	2,180,105	7.2	2.8	7.9
Total eating places	$128,988,514	$147,039,640	$156,361,953	6.3%	1.9%	6.6%
Bars/taverns	8,771,229	8,982,686	9,009,634	0.3	−4.3	0.9
Total eating & drinking places	$137,759,743[2]	$156,022,326	$165,371,587	6.0%	1.6%	6.3%
Food contractors						
Manufacturing & industrial plants	$ 3,041,957	$ 3,655,370	$ 3,943,779	7.9%	3.5%	9.0%
Commercial & office buildings	1,063,465	1,239,264	1,335,926	7.8	3.4	7.9
Hospitals & nursing homes	1,348,436	1,572,749	1,711,151	8.8	4.4	8.3
Colleges & universities	2,057,454	2,426,232	2,700,784	11.3	6.0	9.5
Primary & secondary schools	988,436	1,158,803	1,225,052	5.7	1.5	7.4
In-transit foodservice (airlines)	1,067,654	1,285,502	1,406,339	9.4	5.7	9.6
Recreation & sports centers	1,508,072	1,724,969	1,838,817	6.6	2.2	6.8
Total food contractors	$ 11,075,474	$ 13,062,889	$ 14,161,848	8.4%	3.9%	8.5%
Lodging places						
Hotel restaurants	$ 10,263,299	$ 11,853,052	$ 12,684,284	7.0%	2.6%	7.3%
Motor hotel restaurants	789,780	883,214	936,207	6.0	1.6	5.8
Motel restaurants	1,274,954	1,404,296	1,467,489	4.5	0.1	4.8
Total lodging places	$ 12,328,033	$ 14,140,562	$ 15,087,980	6.7%	2.3%	7.0%
Retail host restaurants[3]	$ 7,826,994	$ 9,457,060	$ 10,326,297	9.2%	4.8%	9.7%
Recreation & sports[4]	2,212,921	2,550,506	2,735,834	7.3	2.9	7.3
Mobile caterers	664,722	757,460	799,120	5.5	1.1	6.3
Vending & nonstore retailers[5]	4,551,070	5,186,108	5,445,413	5.0	0.6	6.2
TOTAL GROUP I	**$176,418,957**	**$201,176,911**	**$213,928,079**	**6.3%**	**1.9%**	**6.6%**
Group II—Noncommercial Foodservice						
Employee foodservice[6]	$ 1,976,272	$ 1,941,619	$ 1,912,108	−1.5%	−5.8%	−1.1%
Public & parochial elementary, secondary schools	3,189,407	3,544,167	3,703,654	4.5	0.6	5.1
Colleges & universities	3,352,208	3,699,289	3,836,163	3.7	−0.8	4.6
Transportation	885,417	1,077,893	1,190,951	10.5	6.8	10.4
Hospitals[7]	7,436,091	8,326,892	8,784,871	5.5	1.5	5.7
Nursing homes; homes for aged, blind, orphans, and the mentally & physically disabled[8]	3,224,663	3,627,546	3,819,806	5.3	1.8	5.8
Clubs, sporting & recreational camps	1,877,757	2,160,245	2,322,421	7.5	3.2	7.3
Community centers	487,558	590,083	641,420	8.7	5.2	9.6
TOTAL GROUP II	**$ 22,429,373**	**$ 24,967,734**	**$ 26,211,394**	**5.0%**	**0.9%**	**5.3%**
TOTAL GROUPS I & II	**$198,848,330**	**$226,144,645**	**$240,139,473**	**6.2%**	**1.8%**	**6.5%**
Group III—Military Foodservice						
Officers' & NCO clubs ("Open Mess")	$ 633,471	$ 705,736	$ 745,257	5.6%	1.2%	5.6%
Foodservice—military exchanges	331,653	372,644	395,375	6.1	1.7	6.0
TOTAL GROUP III	**$ 965,124**	**$ 1,078,380**	**$ 1,140,632**	**5.8%**	**1.4%**	**5.7%**
GRAND TOTAL	**$199,813,454**	**$227,223,025**	**$241,280,105**	**6.2%**	**1.8%**	**6.5%**

Footnotes:

1. Data are given only for establishments with payroll.
2. Food and drink sales for nonpayroll establishments totaled $3,794,160,000 in 1987.
3. Includes drug and proprietary store restaurants, general-merchandise-store restaurants, variety-store restaurants, food-store restaurants, grocery-store restaurants, gasoline-service-station restaurants and miscellaneous retailers.
4. Includes drive-in movies, bowling lanes and recreation and sports centers.
5. Includes sales of hot food, sandwiches, pastries, coffee and other hot beverages.
6. Includes industrial and commercial organizations, seagoing and inland-waterway vessels.
7. Includes voluntary and proprietary hospitals; long-term general, TB, mental hospitals; and sales or commercial equivalent to employees in state and local short-term hospitals and federal hospitals.
8. Sales (commercial equivalent) calculated for nursing homes and homes for the aged only. All others in this grouping make no charge for food served either in cash or in kind.
9. Continental United States only.

(continued from page 23)

The Consumer Price Index (CPI) is forecast to advance 4.4 percent in 1990, compared to a higher 4.9 percent in 1989.

In sum, as the foodservice industry enters a new decade, the economic outlook is for continued positive—although sluggish—growth. Even though the economy will be growing at a slower pace and the rate of gain for consumer income will be more modest, foodservice is expected to perform slightly better in 1990 than in 1989. With much more modest gains in durables purchasing expected, the consumer's cash on hand should not be squeezed to the extent it was in 1989. For example, in response to exceptional incentives, many customers shifted automotive purchases forward to 1989; these incentives are unlikely to be repeated in 1990. Therefore, the desire to maintain frequency of foodservice patronage should prevail, and growth should improve slightly.

A NEW APPROACH TO DEMOGRAPHICS

Much has been written about the population getting older, "baby boomers" settling down and having families, and more couples becoming "empty nesters." Census Bureau projections confirm that baby boomers, who now are roughly 25 to 44 years of age, will make up one-third of the U.S. population in 1990. Moreover, the most rapidly growing population groups from 1990 to 1995 are expected to be those with individuals between 35 and 54 years of age and those with individuals 75 years of age and older. On the other hand, the number of young adults should continue to decline.

A recent J. Walter Thompson (JWT) study takes this demographic information a bit further by identifying "lifestage groups" that are helpful in understanding tomorrow's customers. These lifestages add a new dimension to population trends.

According to the JWT study, mature parents (those with teenage and adult children living at home) and empty nesters (parents whose children have moved out of the house) are the two largest groups in terms of numbers and wealth; they accounted for nearly 40 percent of adults in 1988 and 45 percent of income. Between 1988 and 1995, the study estimates that the number of mature parents will increase to 41 million (up 24 percent) and the number of empty nesters will grow to 36 million (up 14 percent).

Spending for food away from home by age of household head, 1987

Households headed by individuals less than 25 years of age allocated the highest portion of their food budgets to purchasing food away from home

Age of household head	Average household size	Weekly spending per capita	Percent of weekly food budget	Number of households (000)	Percent of household spending on food away from home
Total households	2.6	$9.08	37.2%	94,062	100.0%
Under 25 years	1.8	9.97	47.4	8,199	6.6
25–34 years	2.8	9.02	40.0	21,782	24.8
35–44 years	3.4	9.42	40.0	18,923	27.3
45–54 years	2.9	9.71	36.2	13,167	16.7
55–64 years	2.3	9.79	34.0	13,021	13.2
65–74 years	1.8	8.69	30.3	11,122	7.8
75 years old and older	1.6	6.26	26.1	7,849	3.5

Source: Bureau of Labor Statistics, *1987 Consumer Expenditure Diary Survey*

Because of their numbers, income and ability to spend for food away from home, both of these groups are extremely important to the restaurant industry. Mature parents have more freedom than younger parents, because their children are self-sufficient—although they are likely to have large financial commitments. Empty nesters, on the other hand, tend to have more discretionary income because their children have completed college and are supporting themselves.

The third most numerous lifestage—"young parents"—accounts for 17 percent of adults. This isn't surprising considering that the fertility rate, especially for women in their thirties, was significantly higher in 1987 than it was in 1980 or 1976. According to the Census Bureau, only 10 percent of women between 18 and 34 years of age in 1988 expected to remain childless. This, no doubt, explains the projected 5 percent increase in young parents between 1988 and 1995.

For young parents, finding ways to make life easier is a primary objective, because in most cases both parents work. Not only does workforce participation mean less time for other activities, it also means that having a child no longer equates with a drastic decline in income while the new mother is raising her child. Less time to cook combined with more income means that couples who might have been forced to cut back on dining out if the wife left the labor force no longer find this necessary. Rather, they may find foodservice a convenient and affordable alternative to cooking at home. Both young couples and young parents are prime targets for high-quality takeout and delivery to meet their convenience needs and their quality expectations.

In addition, more amenities for children, such as children's menus and high chairs, will be important to these patrons. The National Restaurant Association's study *Tableservice Restaurant Trends* found that 67 percent of adults surveyed expressed an interest in children's menu items, with women and 25 to 34-year-olds showing the greatest interest in these offerings.

Two other groups—single parents and left-alone singles—are expected to post substantial numerical gains in the early 1990s; but they are fewer in number, control far less income and spend less on food away from home.

Characteristics of lifestages groups in 1988

Mature parents and empty nesters make up the largest portion of the population

Segment	Mean age	Size in millions	Percent of adults	Income share in billions ($)	1995* size in millions
At-home singles	22	23	14%	$179	20
Starting-out singles	26	7	4	117	6
Young couples	29	11	7	195	10
Young parents	32	29	17	478	30
Single parents	41	12	7	157	14
Mature singles	45	8	5	165	9
Mature parents	47	33	20	650	41
Empty nesters	62	32	19	520	36
Left-alone singles	70	12	7	154	15

**projected*
Source: J. Walter Thompson, USA, 1989

Although the number of adult single parents is expected to grow by 14 percent between 1988 and 1995, it is important to realize that a large percentage of them cannot afford major expenditures for eating out. The Census Bureau reports that the average family income in 1988 for children under 18 living only with their mother (as 88 percent of children in single-parent households do) was $11,989, compared with $23,919 for those living only with their father and $40,067 for those living with both parents. Moreover, the 1987 Consumer Expenditure Survey showed that single parents spend 32 percent—or $16.52—of their weekly food budget on food away from home. This compares with 36 percent, or $28.18 per week, for all husband-and-wife families.

Another rapidly expanding group, "left-alone singles," is expected to grow 21 percent between 1988 and 1995, reaching 15 million and representing nearly one in 12 adults. According to JWT, left-alone singles (widows, widowers and divorcees) are rather adventurous, with many expressing an interest in shopping malls, travel and restaurants. Nevertheless, their share of income amounts to just 5 percent of the total.

At-home singles and young couples are noteworthy as well. Although they are declining in numbers, at-home singles spend a relatively large proportion of their food dollar away from home. There is a high incidence of dual earners within the young-couples category, as both men and women establish their careers before starting families. These couples tend to be more affluent than their parents were at this stage of their lives. This group is active, but is also prone to "nest-building" behavior, spending money on items for the home. Although they show a reliance on restaurant takeout, their numbers are expected to decrease 7 percent between 1988 and 1995.

Lifestage characteristics

At-home singles:
- Young singles still living at home
- Average age 22; mean personal income $7,913
- One-third students; almost two-thirds employed
- The most difficult lifestage segment to reach through traditional media

Starting-out singles:
- Young singles who have left home
- Average age 26; mean personal income $17,829
- Two-thirds live in multiple-person households
- Much of the income of this group goes to "start-up" costs in establishing own households

Mature singles:
- Older, never-married or separated/divorced singles
- Average age 45; median personal income $20,713
- Many feel alienated from their married counterparts, but they travel and spend a lot of time out of the house

Left-alone singles:
- Seniors who have lost their spouses or are separated or divorced
- Average age 70; median personal income $12,765
- Most (77 percent) are women
- This group has a disproportionate number of financial investments
- The most diet and health-conscious of any segment
- Many enjoy going to malls and parks

Young couples:
- Young, recently married couples with no children
- Average age 29; mean household income $37,213
- Predominantly two-earner households
- Heavy users of takeout restaurants

Empty nesters:
- Older couples whose children have grown up and left home
- Average age 62; mean household income $32,394
- Half are employed, 30 percent are retired and the rest are self-designated female homemakers
- This group will account for four out of five couples by 1995

Young parents:
- Married parents whose oldest child is a pre-teen
- Average age 32; mean household income $35,434
- Most are two-earner households and are heavily dependent on convenience products and services

Mature parents:
- Married parents whose oldest dependent child is a teenager or an adult
- Average age 47; mean household income $45,460
- 42 percent have single children living with them
- Many still spend heavily on their children; but more for college-type gifts, including tuition

Single parents:
- Unmarried parents raising their own children
- Average age 41; mean household income $20,027
- Three out of four are women
- 72 percent report they are "just making ends meet"
- Members of this group want to be thought of as singles

Source: J. Walter Thompson, USA, 1989

Minorities will grow in influence

Because of their growing numbers, minorities will exert more influence in the United States in the years ahead. By 1990, the black population is expected to number 31.2 million or 12.4 percent of the population. The Hispanic population should increase to over 20 million, and the Asian

population is forecast to number 6.5 million—up nearly 89 percent from 1980.

All three minority groups are expected to grow at faster rates than the white population in the years ahead. The Census Bureau projects that the white population will grow by 5.2 percent between 1990 and 2000. In comparison, the black population is expected to grow 12.8 percent, the Hispanic population 26.8 percent and the Asian population 50.7 percent. Moreover, all three minority groups are becoming better educated and wealthier, so they present new, lucrative markets for restaurateurs.

CONSUMER ATTITUDES

In an increasingly competitive environment it is essential to know what motivates consumers, especially when it comes to such major industry concepts as takeout and delivery, casual dining and ethnic foods.

Takeout and delivery

Since 1984 purchases of meals and snacks for off-premises consumption via carryout, drive-thru and delivery have driven industry growth. This growth has slowed recently, but CREST data indicate that off-premises traffic now represents 45 percent of the industry total—up from 39 percent in 1984.

Although 18 percent of adults patronize foodservice establishments for takeout or delivery on a typical day, the likelihood of doing so is much greater among younger consumers than it is among those 50 years old and older. Nearly 30 percent of 18 to 24-year-olds and more than 20 percent of 25 to 49-year-olds purchase takeout on a typical day, according to the National Restaurant Association's Foodservice Market Measure. Only 8 percent of those over 50 are takeout customers.

The association's study *Dinner Decision Making* helps explain how today's lifestyles and attitudes influence this off-premises phenomenon. Consumers purchasing dinner carryout from a restaurant or fast food place are most often tired and pressed for time. They want to eat without any hassle. They are looking for the easiest thing available or they may be driven by the desire for a certain type of food. A craving is the most common motivation behind dinner delivery, and pizza has an overwhelming share.

The five top-ranking restaurant attributes involved in the decision to purchase carryout or delivery items are:

For carryout:
- speed of service
- convenience of location
- food quality
- price range
- value for dollar

For delivery:
- speed of service
- food quality
- price range
- fresh ingredients
- consistency

Although fast food is the dominant provider of off-premises meals, there is room for tableservice restaurants to expand their offerings. Nearly half of adults under the age of 50 report they would be likely to purchase ready-to-eat takeout meals if only they were available from tableservice restaurants in their area.

Despite a recent slowdown in growth, the off-premises phenomenon clearly has become an American way of life that is even more popular among young adults 18 to 24 years old than it is among the baby-boom generation. Nevertheless, it is important for restaurants to recognize that the same motivations involved in purchasing takeout or delivery from a restaurant or fast food place are also involved in purchasing prepared food from a grocery store or deli. Thus the competition promises to intensify as grocery stores and other retailers focus greater attention on capturing a bigger share of the consumer's off-premises expenditures.

Casual dining

As the baby-boom generation matures, it is starting to fuel greater interest in casual dining at tableservice restaurants. Casual dining equates with moderate prices. Just as they helped

Casual dining/ moderate price

Food
- simple, uncomplicated preparations
- few courses
- ethnic and regional dishes
- emphasis on freshness
- variety for all appetites

Service
- informal
- male and female servers
- aprons rather than tuxedoes

Ambience
- comfortable rather than elegant
- good for conversation
- no jackets required
- accommodates children

Menus
- welcome children
- one menu for lunch and dinner
- convey relaxed atmosphere
- often have takeout

Spotlight on interiors

Because consumers have an almost unlimited choice when it comes to selecting a restaurant, many operators are making a greater effort to use decor to differentiate their establishments from their competitors and to retain their competitive edge. Moreover, updating the kitchen and dining area can be a labor-saving strategy as well.

It is not surprising, therefore, that the National Restaurant Association's annual *Industry Operations Survey* reveals higher-than-average increases in expenses related to painting and decorating. Moreover, nearly half of the tableservice restaurants with dinner checks of $8 or more that participated in the association's *Tableservice Operator Survey* reported that they had remodeled their dining room in 1988 or were planning to do so in 1989.

Instead of formal table settings, starched tablecloths and an elegant atmosphere, many of today's remodeled restaurants are more casual, comfortable and relaxed. They do not have a dress code and they accommodate children comfortably.

spur dramatic growth in the fast food segment in the 1960s and 1970s, it seems that baby-boomers' lifestyles and attitudes will continue to have a significant effect on tableservice restaurants as well.

When the numerous first wave of post-World War II babies—now in their late thirties and early forties—were young working singles eager to experiment, new restaurant concepts and ethnic discoveries abounded.

Now it looks as though these experienced restaurant customers, who have a strong awareness of value for the dollar, are beginning to make their needs known as they move into their prime income-producing years.

Although evidence is sparse, an analysis of CREST demographic data from 1986 and 1988 indicates that baby boomers are responsible for a decreasing share of the dollars spent at higher-check upscale restaurants and an increasing share of dollars spent at moderate-check upscale restaurants, especially in the casual-dining group.

No doubt cost-consciousness plays a major role in casual dining. Increasing demands are being placed on their incomes as baby boomers marry, acquire homes and have children. But casual dining apparently reflects generational differences in attitudes as well. Moderately priced, casual dining is based on relatively simple food preparations and a variety of menu items geared to all sizes of appetites. Generally, the decor and service create a relaxed, comfortable ambience. Usually the casual restaurant does not require jackets for men and accommodates children with ease.

Casual dining is especially popular with consumers looking for a "nice meal out" as opposed to cooking at home. The decision for this type of meal is made several hours or just before dinner. Because these consumers anticipate the pleasure of good food and service, they choose places rated high on all the restaurant basics—consistent, high-quality food with plenty of variety, good-sized portions, friendly and speedy service with no lines or waiting and, especially, value for the money.

Ethnic popularity

Clearly the taste for ethnic dishes is not yet sated, as is demonstrated by the long-term gain in traffic at Italian restaurants—up more than 50 percent from 1982 to 1988. Italian, Chinese and Mexican dishes are the three most popular ethnic foods at restaurants. The National Restaurant Association's recent consumer study *The Market for Ethnic Foods* reveals that 16 other ethnic cuisines also have devoted followings of loyal customers, as well as considerable appeal among consumers who have never tried them in the past.

Certainly consumer attitudes regarding ethnic foods reflect opportunities for further expansion. For example, approximately half of all adults say they would try more ethnic dishes if they were available at restaurants and they would like to see more of such dishes at family or moderately priced restaurants. There are also plenty of consumers who want to experiment when they eat out; 45 percent say they like to try items they've never eaten before, and a similar proportion vote for hot and spicy ethnic dishes. In addition, takeout remains underdeveloped for many ethnic cuisines and could be an area of growth in the years to come.

FOOD AND BEVERAGE TRENDS

After two decades of enjoying haute cuisine and nouvelle cuisine, restaurant patrons seem to be returning to simpler foods prepared without fuss. Foods with roots in the 1950s and 1960s are re-emerging, embellished by cooks who learned from the experimental phase of the 1970s and 1980s. Traditional sandwiches accented with flavored mayonnaise, pasta with grilled vegetables and smoked-chicken salad are a few examples of menu items that are satisfying today's patrons (see "1989 Menu Analysis"). This trend, plus the movement toward more casual establishments, may be fueled by patrons' concern about the value they receive for their dollar.

Consumers of the 1990s are likely to be more enthusiastic about trying new foods. Interest in Mediterranean foods could move west, with Portuguese and Brazilian foods making inroads. These flavorful foods from nations with a festive image could prove to be the next ethnic darlings. Considering the thaw in the Cold War and the Soviet Union's policy of perestroika, we also may witness creative chefs experimenting with Eastern European and Russian cuisines.

Over the last 20 years our food-consumption trends have favored crop products (fresh fruits, fats and oils, vegetables, grains and sweeteners). Increased consumption of produce is notable. According to the U.S. Department of Agriculture (USDA), annual per capita fresh-fruit consumption rose 26 pounds between 1972 and 1987, and the major commercial fresh vegetables (asparagus, broccoli, carrots, cauliflower, celery, corn, lettuce, tomatoes, onions and shallots) gained nearly 14 pounds. Expect to see an even wider variety of produce available in the future as farmers and agricultural scientists experiment with cross-development of plants, plant more nontraditional crops and expose consumers to lesser-known varieties of familiar fruits. The broccoflower, a cross between broccoli and cauliflower, crab apples and black corinth (champagne) grapes are a few examples. In addition to more exotic produce, branded and organic produce is expected to expand. Growers are forming cooperatives to pool finances and develop brand recognition for commodities through advertising and promotions. As a result of the 1989 alar scare, consumers are more cognizant of pesticide use; and some are willing to pay for organic produce, which can cost as much as 200 percent more than nonorganic varieties. Wholesale revenue from organic produce in California alone has escalated from $1 million in 1977 to $50 million in 1988.

Foodservice operators continue to look for means of satisfying the demand for

freshness. Since the sulfite ban, salad bars have required constant attention. Technologists are working on an alternative preservative for cut produce made from milk protein. Similar natural, edible preservative coatings are expected to be formulated using proteins from soybeans, corn and wheat. To achieve the maximum fresh-flavor enhancement, some chefs have taken to cultivating their own supply of herbs, and frozen concentrated herb blends are beginning to appear in the foodservice market.

Demand for desserts is expected to continue through 1990. After experiencing sagging sales during the early and mid 1980s, dessert orders in restaurants have been on the upswing. But operators can expect competition for dessert sales from the grocery stores. Manufacturers are meeting the demand for quality by stepping up production of premium desserts.

Patrons' fascination with frozen yogurt is another trend that has rebounded after an early 1980s slump. Doing particularly well are light and low-fat frozen yogurts and the relatively new frozen yogurts made with NutraSweet, a sugar substitute.

Beverage manufacturers are developing lower-alcohol beverages in response to changing consumer attitudes. More research has gone into developing lower-alcohol beverages in Europe. Mild vodka, light whiskey and flavored brandy-based drinks are examples of lower-alcohol options available. As they attempt to develop a low-alcohol beverage that tastes like a high-proof drink, researchers predict alcoholic beverages of the future will be slightly carbonated, and have a low-alcohol content with a refreshing but complex flavor, such as a gin/citrus combination.

On the nonalcoholic side of the beverage market, fruit and juice drinks are experiencing the greatest growth. Natural fruit-flavor seltzers and sparkling fruit juices in exotic flavors, such as passion fruit, pineapple and black currant berry, are in heavy demand—although the market for soft drinks still is strong. In fact, the diet soft-drink market is growing at a faster rate than the market for regular sodas.

Simpler preparation techniques and cooking methods are likely to remain in vogue through 1990. Smoking, grilling and barbecuing are popular cooking methods that impart flavor without adding large amounts of extra fat. Hot-rock cooking, which involves patron participation, is ideal for the tight labor market but may prove to be a passing fad due to its limited application.

The sous vide method also looked like a promising solution for the labor-short kitchen, but the Food and Drug Administration (FDA) developed strict guidelines that are likely to limit sous vide production to central facilities. Commercial producers of sous vide products are beginning to offer their foodservice lines to supermarkets under private-label programs for delis, which could influence consumers' perception of sous vide products they are eating in restaurants.

HEALTH AND NUTRITION

Americans' concern for nutrition continues to fuel food manufacturers' rush to promote food products on the strength of their nutritional benefits. Since mature adults tend to be more concerned about health and nutrition, it stands to reason that interest in nutrition will intensify as the U.S. population ages.

FDA data documents the public's growing awareness of the relationship between nutrition and health. More people are having their blood-cholesterol levels tested and are aware of the results. In 1988 almost 60 percent of adults said they had had their cholesterol measured and 17 percent were able to quote the results. According to FDA, this represents a relative increase of more than 70 percent and 600 percent, respectively, since 1983. The awareness of dietary fat as a risk factor for heart disease, cancer and high blood pressure also has grown significantly over the five years between 1983 and 1988. Fruits, vegetables, fibers and grains are the food groups most frequently cited by consumers as being cancer preventives.

As a result of heightened consumer awareness, more products and promotions focusing on nutrition are appearing in the marketplace. Oil manufacturers are capitalizing on the shift away from saturated fats. Canola oil, a relatively new cooking oil high in monounsaturated fat, is now available from nearly every manufacturer of foodservice cooking oils.

If the 1980s was the decade of oat and wheat brans, then the 1990s will surely be the decade of rice and corn brans. Sales of wheat and oat bran products skyrocketed during the late 1980s due to studies that linked them with risk reduction of colon cancer and heart disease. Similar studies are being conducted using rice and corn brans, which also seem to have cholesterol-lowering effects. The future looks bright for corn bran, because it is more plentiful and reasonably priced than oat bran. Also in the interest of the fiber-conscious public, one large grain processor is expanding production to include more barley products.

Foodservice operators, too, are responding to the trends in nutrition. A 1989 National Restaurant Association survey of fast food and family chain operators (350 or more units) shows that almost two-thirds (62 percent) are using either all-vegetable shortening or oil for frying in their operations. Less than 20 percent use an animal/vegetable (a/v) shortening blend exclusively, while 14 percent use both a vegetable fat and an a/v shortening blend. More than 70 percent of the chain operators surveyed feature entree salads or salad bars, reduced-calorie salad dressings, fruit juices, low-fat milk and decaffeinated coffee. More than one-half (52 percent) serve a grilled-chicken sandwich and 29 percent offer fresh fruit and low-fat frozen yogurt. The majority also disseminate ingredient and nutrient information regarding their products.

1989 MENU ANALYSIS

The 1989 menu analysis looked at entrees, sandwiches, cooking methods, sauces and special features (i.e., the availability of takeout, children's selections, senior citizens' specials, etc.). This study of changes over five years (from 1984 to 1989) reflects the trend toward casual dining experiences.

For analysis, 100 menus (lunch and dinner) were randomly selected from those submitted to the National Restaurant Association's Great Menu Contest. Fifty were chosen from among the 1984 entrants and 50 from 1989.

More extensive and varied menus in 1989 offered patrons a wider selection than was available in 1984. The number of entrees and sandwiches on the menus rose by 18 percent, from 1,362 in 1984 to 1,606 in 1989. The number of entrees, excluding sandwiches, rose by 6 percent from 1,032 in 1984 to 1,093 in 1989. Over the five years the mix of entrees changed (Table I). Although fish and seafood accounted for the greatest percentage of all entrees in 1989, their contribution to the total entree mix was static over the five-year period, and the actual number of fish and seafood entrees was virtually unchanged.

Meat entrees actually declined during the same period. They composed the largest percentage—27 percent of the entrees in 1984, but only 22 percent in 1989. Moreover, the total number of meat entrees was down by 15 percent in 1989. All types of meat entrees (beef, pork, veal, lamb and game) declined in number, with the exception of pork, which was up by 31 percent.

The number of entree salads grew by 57 percent over the five years (26 to 119), as did the percentage of entrees that were salads (from 7 percent to 11 percent). Major gains were made by Cobb, Caesar, pasta and chicken salads, all of which gained more than 100 percent. Seafood and chef's salads accounted for the largest percentage of salads in both 1984 and 1989, but they both declined slightly over the years as percentage of total salads (seafood: from 24 percent of salads in 1984 to 21 percent in 1989; chef's: from 20 percent to 15 percent).

The number of Mexican entrees declined by 15 percent from 1984 to 1989; while Mexican foods made up 13 percent of the entrees in 1984, but only 11 percent of entrees in 1989 (Table I). Egg dishes, too, were less prevalent on the 1989 menus than 1984, falling from 4 percent to 2 percent of entrees and declining in number by 35 percent. Pasta and noodle dishes, combination plates (beef and seafood, chicken and ribs, etc.) and poultry all gained presence on the 1989 menus. The number of combination dishes rose by 103 percent (from 36 in 1984 to 74 in 1989); they represented 3 percent of entrees in 1984 and 7 per-

Table I: Entrees

The mix of entrees changed from 1984 to 1989

	1984		1989		Percent change in number 1984–1989
	Number	Percent of total	Number	Percent of total	
Total Entrees	1,032	100%	1,093	100%	+6%
Seafood/fish	270	26	267	24	−1
Meat (beef, pork, lamb, veal, game)	280	27	238	22	−15
Salads	76	7	119	11	+57
Mexican entrees	136	13	115	11	−15
Poultry	101	10	117	11	+16
Pasta/noodles	53	5	102	9	+92
Combination (i.e., seafood & beef)	36	3	73	7	+103
Pizza	28	3	29	3	+4
Egg dishes	37	4	24	2	−35
Miscellaneous	15	1	9	1	−40

Source: National Restaurant Association

Table II: Entree sauces

Sauces were more prevalent on the 1989 menus than on 1984 menus

	1984		1989		Percent change in number 1984–1989
	Number	Percent of total	Number	Percent of total	
Total sauces	231	100%	313	100%	+35%
Emulsion, butter and cream sauces	78	34	130	42	+67
☐Emulsions	42	18	44	14	+5
☐Butter sauces	19	8	44	14	+132
☐Cream sauces	17	7	42	13	+147
Tomato-based sauces	40	17	57	18	+43
Vegetable/herb, mustard and soy-based/Asian sauces	22	10	52	17	+136
☐Vegetable/herb	11	5	26	8	+136
☐Mustard	6	3	15	5	+150
☐Soy-based/Asian	5	2	11	4	+120
Wine/liqueur sauces	32	14	24	8	−25
Fruit sauces	14	6	21	7	+50
Gravy	24	10	17	5	−29
Au jus	12	5	7	2	−42
Fish/seafood	3	1	3	<1	0
Miscellaneous	6	3	2	<1	−67

Source: National Restaurant Association

Table III: Cooking methods*

In 1989 broiling, charbroiling and grilling accounted for 44 percent of the cooking methods mentioned

	1984		1989	
Method	**Rank**	**Percent of total**	**Rank**	**Percent of total**
Broil/charbroil	2	21	1	25
Grill/mesquite grill	4	8	2	19
Fry	1	24	3	18
Saute	3	20	4	16
Bake	5	5	5	5
Roast/spit roast	4	8	6	4
Smoke	9	<1	7	3
Steam	6	3	8	3
Barbecue	7	2	9	2
Blackened	8	1	10	1
Hot rock	–	0	10	1
Pan fry	8	1	10	1
Stir fry	9	<1	10	1
Boil	9	<1	11	<1
Braise	8	1	11	<1
Poach	8	1	11	<1
Simmer	–	0	11	<1
Toasted	–	0	11	<1

**Only those methods mentioned in menus*
Source: National Restaurant Association

cent in 1989. Pasta and noodle dishes moved from 5 percent of entrees in 1984 to 9 percent in 1989, and they increased in number by 92 percent. Poultry rose only slightly from 10 percent to 11 percent of total entrees, but there was a 16 percent increase in the number of poultry entrees. Furthermore, chicken breasts gained a larger presence within the category. In 1989 chicken breasts made up 68 percent of the poultry entrees, compared to 1984, when they accounted for only 40 percent. In number, they nearly doubled (from 40 to 79).

When compared to the gain made by sandwiches, the increase in entrees seems modest. The number of sandwiches offered grew 55 percent—from 330 in 1984 to 513 in 1989. Hamburgers and cheeseburgers accounted for the largest percentage of sandwiches in 1989 (27 percent), but chicken sandwiches witnessed the greatest growth in this category; they climbed from 4 to 7 percent of sandwiches and increased in number by 185 percent. Beef, club, and mixed meats and cheese sandwiches also gained substantially in both number and as percentage of total sandwiches.

Sauces were more prevalent on the 1989 menus than on the 1984 menus; 313 sauces appeared in 1989—up 35 percent from 213 in 1984 (Table II). Emulsified sauces, butter sauces and cream sauces held the largest share of the sauce category in both 1989 (42 percent) and 1984 (34 percent). In number they gained 67 percent, but the number of cream sauces alone grew by 147 percent. Tomato-based sauces were the second-most-prevalent, representing 18 percent of sauces in 1989 and 17 percent in 1984, and experiencing a 43 percent growth in number over the five years. Flavor-intensive sauces, vegetable/herb, mustard and soy-based/Asian sauces gained presence between 1984 and 1989, growing from 10 percent to 17 percent of the total and by 136 percent in number. Fruit sauces gained slightly from 1984 to 1989, but wine and liqueur sauces fell considerably. Both gravy and *au jus* sauces declined in presence, a change consistent with the decline of meat entrees.

Cooking methods used on the entrees also were compared (Table III). Cooking methods were cited more often on the 1989 menus (549 times) than on the 1984 menus (459 times). In 1989 broiling and charbroiling were the most prevalent cooking methods, accounting for one-quarter of the cooking methods mentioned—up from 21 percent in 1984. Grilling was the second-most-frequently-mentioned cooking method on the 1989 menus, at 19 percent—up from only 8 percent in 1984. Although frying was the most common cooking method on the 1984 menus (24 percent), it represented only 18 percent of the cooking methods listed on the 1989 menus. Sauteing also appeared less frequently in 1989 than in 1984. In contrast, smoking appeared more frequently on the 1989 menus than in 1984 (3 percent versus less than 1 percent), but roasting and spit-roasting appeared less frequently, accounting for 8 percent of the cooking methods mentioned on the 1984 menus and 4 percent in 1989. The frequency of baking, steaming, barbecuing and blackening remained constant.

Various menu features (items other than food) also were examined. Thirty per cent of the 1989 menus provided information about the side dishes that accompanied entrees, while only 18 percent of the 1984 menus had such information. Another 30 percent offered choices of portion sizes on prime rib and/or steak entrees, while 20 percent of the 1984 menus had this option. Children's selections were available on 22 percent of the 1984 menus and 18 percent of the 1989 menus. One of the 1984 menus even offered free food for children under six years of age. Takeout and/or delivery services were promoted on 14 percent of the 1989 menus, versus 6 percent in 1984. Only slightly more menus indicated "light and healthy" foods on menus in 1989 than in 1984 (12 percent versus 10 percent).

Discussion of results

The trend toward casual dining is reflected in the results of this survey. Sandwiches grew more dramatically than entrees. Unlike other meat entrees, hamburgers, cheeseburgers and other beef sandwiches gained presence on the 1989 menus, as did the availability of salads, pasta dishes and chicken breasts. Cooking methods popular in casual-dining and midscale restaurants—broiling/charbroiling, grilling and smoking—also gained menu presence.

More foods and a wider variety reflect the foodservice industry's response to the demand for more choices. The growth of combination entrees is indicative of the quest for va-

riety, while the increased vegetable/herb, mustard and soy-based sauces satisfies cravings for flavor-intensive accompaniments.

A tendency among chefs to serve sauces on the side allows patrons to control the use of the sauce and to make yet another choice themselves.

Patrons do seem to be receiving more information from menus now than five years ago, especially regarding accompaniments and portion sizes. The growth in the number of cooking methods cited on the menus reflects the demands of patrons who are more interested in how their food is prepared. Although mentions of takeout foods appeared on more menus in 1989 than in 1984, there is plenty of room for growth in this area.

INDUSTRY OPERATIONS

According to a National Restaurant Association Delphi study, competition in the foodservice industry will be more intense by the turn of the century. Indications are that the trend toward a more competitive environment is already under way.

Competition heats up

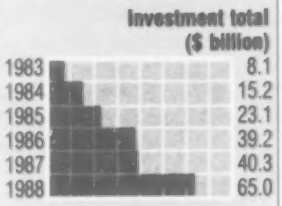
According to the Census of Retail Trade (1987), between 1982 and 1987 the number of eating and drinking places increased more than 11 percent to 391,303 establishments. This heralds a significant change in the restaurant environment. The trend toward a more competitive environment is directly related to the ever-increasing number of eating places.

The unit expansion rate for tableservice restaurants in the 1980s was virtually identical to that posted by fast food restaurants. The number of tableservice restaurants was up at a compound annual rate of 2.7 percent, or more than 19,000 units between 1982 and 1987. This compares to a significantly slower expansion rate of 1.8 percent in the previous 10 years. Fast food units were up by about 18,500 for a compound annual gain of 2.9 percent in the five years from 1982 to 1987—down substantially from their 5.1 percent annual rate of expansion between 1972 and 1982.

This dramatic gain in tableservice establishments reflects a major change occurring in the industry—the reemergence of the neighborhood restaurant and the more recent growth in casual dining. No doubt many of these new tableservice restaurants are smaller independents run by chef/entrepreneurs as well as ethnic establishments operated by immigrants.

Foreign investments in the United States

Foreign investments increased sharply in 1988



Source: Department of Commerce, Bureau of Economic Analysis

Number of establishments

Tableservice restaurants posted a higher unit expansion rate in the 1980s

	Tableservice	Fast food
1972	112,656	72,850
1982	135,231	119,626
1987	154,721	138,104
Compound annual growth		
1982/1972	1.8%	5.1%
1987/1982	2.7%	2.9%

Source: Census of Retail Trade

1990 operation costs

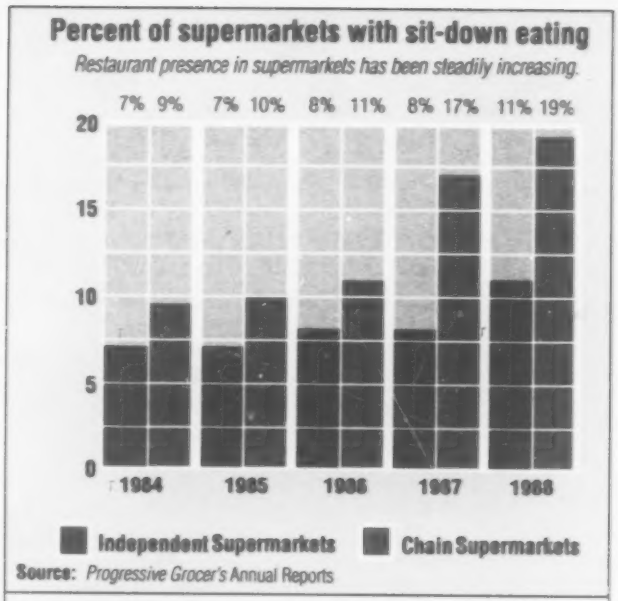
Menu prices are forecast to increase 4.4 percent in 1990, equal to the projected increase in the overall Consumer Price Index (CPI). The anticipated 1990 increase is slightly below the 4.6 percent gain in menu prices recorded during 1989. Annual increases in menu prices have held below 5 percent since 1982.

□ **Food:** Wholesale food prices should increase at a slower pace in 1990—3.5 percent, compared with 5.1 percent in 1989. Barring any severe weather conditions, feed-grain prices, which had been elevated through 1989, are projected to decline somewhat in 1990 and moderate advances in meat prices. On an individual basis, chicken prices, which jumped in early 1989 but started to decline later in the year, are expected to hold steady in 1990. Beef, veal and pork should post increases similar to those for 1989. Fish and seafood prices, which declined in 1989 because of an abundant supply (particularly of salmon and shrimp) and somewhat lower consumer demand, should maintain their current levels and not show any dramatic change.

In addition, cheese and other dairy products could show larger price increases in 1990, because surplus milk supplies declined in 1989. Processed fruits may show a price increase in 1990 due to a citrus-fruit freeze in 1989, which decreased the available supply. The increase should not be seen among fresh fruit. Prices for processed vegetables are expected to remain high in 1990 because there is no surplus. If the weather remains favorable, fresh-vegetable price increases should slow.

□ **Labor:** Industry labor costs are expected to be up 6.5 percent in 1990—a bigger increase than the 4.2 percent advance in 1989—as the new federal minimum wage takes effect in April. Federal or state legislation on benefits could put upward pressure on labor costs in 1990 as well. A tight labor market, resulting in difficulties in filling back-of-the-house positions, could put additional upward pressure on wages in some regions. Higher training costs are expected as restaurateurs try to increase productivity and decrease turnover rates.

□ **Other costs:** Other costs are projected to rise 4.4 percent in 1990, keeping pace with the anticipated overall inflation rate. An influential factor in other costs will be solid-waste removal, the cost of which is spiraling at double-digit rates in some parts of the country. Energy prices are expected to increase at a moderate rate. Property insurance rates could increase at higher-than-inflation levels, due to damage from hurricane Hugo and the California earthquake.



Restaurants in larger grocery stores on upswing

More and more supermarkets are offering some type of sit-down eating place inside their establishments. In 1988, 15 percent of supermarkets offered some type of sit-down eating, up from only 4 percent in 1980, according to *Progressive Grocer's* annual report.

Not surprisingly, larger, high-volume supermarkets—both chains and independents—are more likely than smaller stores to have in-store dining. Twenty-four percent of independent stores and 39 percent of chain units with selling areas of more than 35,000 square feet had sit-down eating in 1988. The figures were significantly lower for chain and independent stores with selling areas of less than 25,000 square feet. Smaller stores generally cannot spare the space for a restaurant.

This faster-than-expected expansion rate in the tableservice sector also helps explain why some tableservice operators have reported virtually no real sales growth in recent years. More and more tableservice establishments are competing in a market where demand is not increasing rapidly enough for an increased number of establishments to enjoy real growth. This competitive environment makes operational excellence and providing good value even more important, because the consumer has virtually unlimited restaurant choices.

Service

The 1980s brought a renewed interest in service, and this trend is expected to continue into the 1990s. According to the National Restaurant Association's dinner decision-making study, friendly people/service was one of the most important factors in a consumer's decision to dine at a particular restaurant. Friendly people/service was rated by consumers to be more important than food consistency and variety when dining at a tableservice establishment.

In addition to personal attention, today most tableservice restaurants offer convenience-oriented services, such as carryout or home delivery. According to the National Restaurant Association's *1989 Tableservice Restaurant Trends*, nearly nine out of 10 tableservice places with per-person dinner checks averaging less than $8 provide carryout meals, and 82 percent of those in the $8 to $14.99 category do so. Even 38 percent of upscale places with average checks of $25+ will provide ready-to-eat takeout meals upon request. Additionally, to further accommodate the consumer, approximately one-third of tableservice restaurants will provide their bakery items for retail sale or sell items such as salads or soup by the pound.

Operators look abroad

With some domestic markets at or near saturation levels, many foodservice operators are turning their attention to the international marketplace. U.S. restaurant chains are rapidly expanding into foreign markets, seizing the opportunity to maintain their target rates of growth for their corporations through non-U.S. markets.

By the same token, as with many other industries, there has been a greater influx of investments in U.S. foodservice from abroad. According to the United States Department of Commerce, outlays by foreign investors to acquire or establish U.S. business enterprises increased sharply to $65.0 billion in 1988—up from $40.3 billion in 1987. The Department of Commerce reports that foreign investment in the United States has been driven by the lower value of the dollar in international markets as well as by foreign companies seeking new consumer markets.

LABOR TRENDS

Over the next decade the workforce will increase at a slower rate than at any time since the 1930s and the foodservice industry will be affected by tighter labor markets, especially for younger workers.

Two major factors that determine labor-force growth are changes in population and labor-force participation rates. The continuing decline of the teenage population will have a negative effect on the many industries which, like foodservice, rely heavily on young workers. The teenage population is expected to continue to fall—dropping 4 percent between 1985 and 1990 and another 1.5 percent by 1995. It isn't until the second half of the 1990s, when the "baby-boom echo" generation reaches a working age, that businesses will see increasing numbers of teenage workers (individuals between the ages of 16 and 19).

However, the labor-force participation rate—the percentage of the population in the workforce—is projected to pick up for the teenage sector. According to the Bureau of Labor Statistics, the teenage labor-force participation rate is projected to steadily increase, rising from 53.8 percent in 1986 to 56.8 percent in 1995. In the year 2000, the teenage labor-force participation rate is forecast to

Unemployment rates by region* (October 1988 and October 1989)

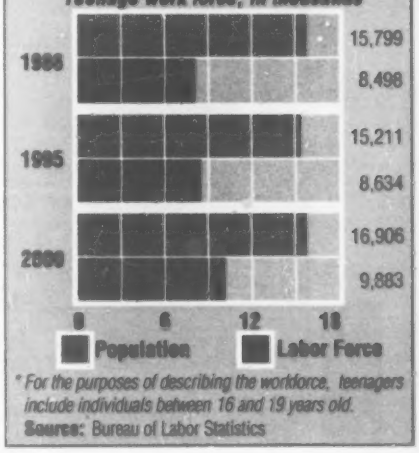
There have been some shifts in regional unemployment rates between October 1988 and October 1989

	1988	1989	Percent change
New England	2.8%	4.1%	+1.3%
Mid Atlantic	4.3	4.6	+0.3
East North Central	5.4	5.9	+0.5
West North Central	4.1	3.9	−0.2
South Atlantic	4.7	5.0	+0.3
East South Central	6.5	5.5	−1.0
West South Central	7.1	5.6	−1.5
Mountain	5.8	4.7	−1.1
Pacific	4.8	4.7	−0.1

**See "Regional and State Forecast" section for identification of states by region*
Source: Bureau of Labor Statistics, Local Area Unemployment Statistics
Note: Not seasonally adjusted

Teenage* civilian population and labor-force participation

By the year 2000, teenage labor-force participation should pick up speed



** For the purposes of describing the workforce, teenagers include individuals between 16 and 19 years old.*
Source: Bureau of Labor Statistics

reach its highest point of 58.5 percent.

According to the Bureau of Labor Statistics and *Blue Chip Economic Indicators*, overall civilian employment should increase by 2.4 million in 1989 to 117.4 million—a 2.1 percent increase. In 1990 civilian employment growth is projected to slow, increasing at its lowest rate since 1982 to reach 118.5 million—less than a 1 percent increase from 1989.

In 1989 the nation's annual civilian unemployment rate is expected to reach its lowest level of the 1980s—5.3 percent. However, there have been some major shifts in regional unemployment rates in the past year. For example, between October 1988 and October 1989, the West South Central* region showed the largest percentage drop in unemployment, declining 1.5 percentage points. The East South Central* and Mountain* regions also saw significant decreases in unemployment. In contrast, the New England* region experienced a turnabout, with the unemployment rate rising from 2.8 percent in October 1988 to 4.1 percent in 1989.

**See "Regional and State Forecast" section for identification of states in the region.*

Labor demand growing

The demand for foodservice workers will not abate in the decade ahead. According to the Bureau of Labor Statistics, employment for food preparation and service occupations is projected to grow 37 percent between 1986 and 2000, increasing by 2.6 million jobs. Workers are projected to be concentrated in eating and drinking places, which are forecast to add the largest number of jobs of all industries in the economy—nearly 2.5 million—from 1986 to 2000. Occupational employment growth ranges from 17 percent for institutional or cafeteria cooks to 46 percent for restaurant cooks.

According to the 1988 National Restaurant Association Gallup survey of restaurant managers throughout the country,

- Chain and franchise operators are more likely than independent owners to feel the effects of labor shortages.
- Fast food operations are no more likely than their tableservice counterparts to be affected.
- Large operations report more labor-shortage problems than smaller ones, with respect to customer counts and food purchases.

The effect of the labor shortage is more pronounced in certain foodservice occupations. For instance, there is usually more of a difficulty in filling such "back-of-the-house" positions as dishwashers. Moreover, strong demand for employees has boosted foodservice wages over the past several years, especially in New England, where the unemployment rate was particularly low at the end of 1988.

Steps to attract workers

Many restaurant operators are addressing the labor shortage by hiring disabled individuals, older workers and immigrants. In the future, immigrants will represent a growing share of the population and labor force. According to the Bureau of Labor Statistics, immigrants are projected to account for more than 23 percent of the growth in the labor force between 1986 and 2000.

To attract more workers, there will be an increase in employee benefits being offered by foodservice employers in the 1990s, as well as a greater emphasis on human-resources development. Also, the 1990s are likely to see more of a restructuring of benefits policies to reflect the needs of two-earner families and single workers. Day care and pre-school education could become more readily available and subsidized to make it easier for individuals, especially women, to enter the workforce. According to a recent National Restaurant Association health-benefits survey, small restaurants with sales volumes less than $500,000 a year are unlikely to provide employee health-insurance

Median hourly wage: 1986, 1988

	United States			New England		
	1986	1988	Percent change	1986	1988	Percent change
Fast food counter worker	$3.85	$3.90	+2%	$4.57	$5.29	+16%
Bus person	3.42	3.50	+2	3.55	3.75	+6
Dishwasher	3.75	4.25	+13	4.50	5.50	+22
Salad prep employee	4.25	4.75	+12	5.12	5.75	+12

Source: *1986, 1988 Survey of Wage Rates for Hourly Employees*, National Restaurant Association

coverage. As the sales volume increases, the likelihood of providing coverage for both hourly and salaried employees increases.

The survey revealed some other pertinent facts:

□ Common reasons why restaurants do not provide health-insurance coverage are cost and the fact that employees are covered elsewhere.

□ Employees must work 30 or more hours per week to be eligible for company-provided coverage.

□ The proportion of companies requiring no health-insurance contribution from employees has decreased substantially from 1985 to 1989. Generally, the employee contribution to premiums has more than doubled. The employer contribution has risen by a minimum of 23 percent in two years.

□ Since 1985 the employer contribution to premiums has increased by more than 50 percent.

□ The vast majority of employers offer a single insurance plan with no different options.

□ Most employers say they provide flexible work schedules.

□ Few employers currently provide employer-subsidized childcare benefits.

MARKETING/ADVERTISING

Real advertising expenditures for the restaurant industry are declining. The spending slowdown may be attributed to higher media advertising rates, increased cable/VCR viewing and the fact that some foodservice operators have allocated more of their marketing budgets to promotions. In addition, many restaurateurs are finding increasingly attractive marketing opportunities in the nation's health-and-fitness boom by sponsoring local and national sporting events.

Solid waste

Solid-waste disposal is an issue of increasing concern for many foodservice operators. In 1989 the National Restaurant Association conducted a survey of chain-restaurant operators.* It solicited information on restrictions governing solid-waste disposal and investigated efforts made by chains to reduce the amount of solid waste generated. Ninety percent of the respondents represented fast food restaurants and 10 percent represented family restaurants.

Rising costs and restrictions on solid-waste disposal were common in 1989. Between September 1988 and September 1989, 57 percent of the respondents experienced increases in solid-waste collection or disposal costs. One-third reported closures or limitations on landfills. Restrictions or fees on a specific material, such as plastic or styrofoam, had been placed on one out of every three respondents, while 14 percent (three chains) had been subjected to mandated source separation.

As a result of the increasing costs and restrictions on solid-waste disposal, chain operators have been taking steps to reduce the amount of solid waste generated. Virtually all of the respondents surveyed (95 percent) had evaluated their packaging requirements and worked with their suppliers to revise packaging (90 percent of companies). Just more than three-quarters (76 percent) had revised their takeout packaging and one out of every five (19 percent) had sponsored community cleanup days or recycling pickup programs.

Some chains have instituted their own programs to deal with the growing problem of solid-waste disposal. One out of three responding companies reported having instituted compaction programs, but the majority of compaction programs are still in the test stage. Fourteen percent, or three of the chain operators responding, reported testing source-separation or recycling programs, and one company tested an incineration program.

In addition, foodservice companies are willing to cooperate in consumers' recycling efforts. The Society of the Plastics Industry has developed a new coding system for consumers to identify recyclable plastics. Almost half (43 percent) of the survey respondents have or are in the process of instituting the codes on their packaging materials, with an additional two companies reviewing the codes for potential application in their operations.

The National Restaurant Association conducted this survey of chain operators with 350 or more units in September 1989. Twenty-one of the 35 questionnaires were completed, resulting in a response rate of 60 percent.

Solid-waste reduction efforts

Chain restaurant operators that have:	Number	Percent of respondents
Evaluated packaging requirements	20	95%
Worked with suppliers to revise packaging	19	90
Revised takeout packaging	16	76
Tested compaction programs	5	24
Sponsored community cleanup days or recycling pickup programs	4	19
Tested source separation or recycling programs	3	14
Instituted compaction programs	2	10
Tested an incineration program	1	5

(n = 21)
Source: National Restaurant Association

The fact that advertising expenditures are suffering is substantiated by the National Restaurant Association's *1989 Industry Operations Survey*. According to the survey, full-menu tableservice establishments decreased spending on advertising and promotions in 1988. In 1987 median advertising and promotional costs were $100 per seat, but they were trimmed to $94 per seat in 1988, perhaps as a result of the additional cost pressures experienced by operators.

Although only a small number of chains are large enough to use television advertising effectively, restaurants and drive-ins spent $804 million in 1988 on television advertising, according to the TV Bureau of Advertising. Total spending has been fairly steady between 1987 and 1988.

Promotions continued to be popular alternatives to the high cost of television advertising; nearly one out of every five, or 18 percent, of industry restaurant occasions in summer 1989 involved a promotion, compared to 16 percent in summer 1988. Quickservice restaurants captured the majority of deals—more than 20 percent of all occasions involved promotions in summer 1989.

LEGISLATIVE AND REGULATORY ISSUES

1990 will be another important year for the foodservice industry with regard to a wide variety of legislative and regulatory issues at federal, state and local levels.

Important issues at the federal level:

- Mandated-health benefits
- Parental-leave and childcare benefits
- Business-meal tax deduction
- Tip reporting and allocation
- Targeted Jobs Tax Credit (TJTC)
- Mandatory nutrition and ingredient labeling and
- Seafood inspection.

In addition, federal minimum-wage legislation, which passed in 1989, will go into effect on April 1, 1990—raising the minimum wage to $3.80 per hour.

Key state/local issues:

- Solid-waste fees and restrictions
- Excise taxes on alcoholic beverages, lower blood-alcohol levels to identify intoxication, and modified penalties for use of false identification
- Increases in state meal-and-beverage taxes
- Food-protection codes

MAJOR MARKET OUTLOOK FOR 1990

This section examines sales projections for eight major foodservice markets.

Educational foodservice

- This segment is projected to advance 1.3 percent in inflation-adjusted dollars in 1990, with sales reaching $11.5 billion.
- Despite a shrinking pool of prospective students, colleges and universities should see continued increases in enrollment. In 1989, fall enrollment was up 1.8 percent. Foodservice has become another element of this segment's marketing mix. This works to the advantage of contractors, who will post a real sales gain of 6.0 percent, compared to a 0.8 percent real sales decline for colleges and universities operating their own foodservice.
- Elementary schools are projected to record a 1.5 percent growth in enrollment, while secondary school enrollment is anticipated to decline 2.6 percent, resulting in a 0.3 percent increase overall for the primary and secondary school market. Greater contractor penetration of this segment is also forecast for 1990.

Educational foodservice sales: $11.5 billion

	($000) 1987	($000) 1989	($000) 1990	1989-90 Percent change	1990-1999 Percent real growth change	1987-99 Compound annual growth rate
Total educational foodservice	$ 9,587,505	$ 10,828,491	$ 11,466,653	5.9%	1.3%	6.1%
Colleges & universities						
Contractors	2,057,454	2,426,232	2,700,784	11.3%	6.0%	9.5%
Institutional	3,352,208	3,699,289	3,836,163	3.7	−0.8	4.6
Subtotal	$ 5,409,662	$ 6,125,521	$ 6,536,947	6.7%	1.9%	6.8%
Primary & secondary schools						
Contractors	968,436	1,158,803	1,225,052	5.7%	1.5%	7.4%
Institutional	3,189,407	3,544,167	3,703,654	4.5	0.6	5.1
Subtotal	$ 4,177,843	$ 4,702,970	$ 4,928,706	4.8%	0.8%	5.7%

Recreational foodservice sales: $8.9 billion

	($000) 1987	($000) 1989	($000) 1990	1989-90 Percent change	1990-1999 Percent real growth change	1987-99 Compound annual growth rate
Total recreational foodservice	$ 5,998,799	$ 8,435,720	$ 8,967,872	7.2%	2.8%	7.2%
Recreation & sports centers						
Contractors	1,508,072	1,724,969	1,838,817	6.6%	2.2%	6.8%
Noncontractors[1]	2,212,921	2,550,506	2,735,834	7.3	2.9	7.3
Subtotal	$ 3,720,993	$ 4,275,475	$ 4,574,651	7.0%	2.6%	7.1%
Clubs,[2] sporting and recreational camps	1,877,757	2,160,245	2,322,421	7.5%	3.2%	7.3%

[1] Includes sales at drive-in movies, bowling lanes and recreational and sports centers
[2] A proportion of food and beverage sales in clubs is business-related

Recreational foodservice

□ Sales in this sector are expected to advance 2.8 percent in real terms in 1990.

□ Sports and recreation centers will show a 2.2 percent real sales gain, due to increases in sports and convention-center attendance, as well as an increase in the number of visits to national and theme parks.

□ More business-related activity at clubs and a growing membership base, combined with the increasing popularity of camps, will help the clubs, sporting and recreational-camp sector post sales of $2.3 billion—up 3.2 percent in real terms.

Employee foodservice

□ Employment at manufacturing and industrial plants is expected to increase by a modest 0.2 percent, although commercial and office employment should advance a higher 3.1 percent, due to growth in the information-service areas.

□ Contractors in manufacturing and industrial plants and in commercial and office buildings should post nearly identical growth—3.5 percent and 3.4 percent, respectively—in inflation-adjusted dollars.

□ Institutional food and drink sales in the employee foodservice category—which includes meals and snack sales for industrial and commercial organizations, seagoing ships and inland-waterway vessels—are expected to see a substantial 5.8 percent real decline in 1990, due to greater penetration by contractors.

Transportation foodservice

□ For the sixth consecutive year, transportation foodservice sales are forecast to record impressive growth—up 6.2 percent in inflation-adjusted dollars.

□ Airline traffic should advance 4.5 percent, up from the much lower 1.0 percent gain in 1989.

□ Railroads are expected to experience continued modest passenger growth, especially in the Eastern corridor.

□ Cruise lines are projected to enjoy continued strong growth as a result of increased berth capacity and strong marketing programs.

Employee foodservice sales: $7.2 billion

	($000) 1987	($000) 1989	($000) 1990	1989-90 Percent change	1989-1990 Percent real growth change	1987-90 Compound annual growth rate
Total employee foodservice	**$ 6,081,894**	**$ 6,836,253**	**$ 7,191,813**	**5.2%**	**0.8%**	**5.7%**
Food contractors						
□ Manufacturing & industrial plants	3,041,957	3,655,370	3,943,779	7.9	3.5	9.0
□ Commercial & office buildings	1,063,465	1,239,264	1,335,926	7.8	3.4	7.9
Institutional employee foodservice *	1,976,272	1,941,619	1,912,108	−1.5	−5.8	−1.1

* *Includes sales for industrial and commercial organizations, seagoing ships and inland-waterway vessels*

Transportation foodservices sales: $2.6 billion

	($000) 1987	($000) 1989	($000) 1990	1989-90 Percent change	1989-1990 Percent real growth change	1987-90 Compound annual growth rate
Total transportation foodservice	**$ 1,953,071**	**$ 2,363,365**	**$ 2,587,290**	**9.5%**	**6.2%**	**10.0%**
Contractors, in-transit commercial airlines	1,067,654	1,285,502	1,406,339	9.4	5.7	9.6
Transportation *	885,417	1,077,893	1,190,951	10.5	6.8	10.4

* *Includes sales on airlines, passenger/cargo liners and railroads*

Military foodservice sales: $1.1 billion

	($000) 1987	($000) 1989	($000) 1990	1989-90 Percent change	1989-1990 Percent real growth change	1987-90 Compound annual growth rate
Total military foodservice *	**$ 985,124**	**$ 1,078,380**	**$ 1,140,632**	**5.8%**	**1.4%**	**5.7%**
Officers' & NCO clubs ("Open Mess")	633,471	705,736	745,257	5.6	1.2	5.6
Military exchange foodservice	331,653	372,644	395,375	6.1	1.7	6.0

* *Continental U.S only*

Military foodservice

□ The military population is expected to grow by 0.3 percent as a reduction in the rate of increase in defense spending reduces the rate of growth in domestic military forces.

□ Foodservice sales at PXs and clubs should post real growth of 1.4 percent.

Health-care foodservice

□ Total health-care foodservice sales are forecast to advance 1.9 percent in inflation-adjusted dollars.

□ Increases in outpatient care and the number of employees to care for these patients, combined with a stabilization of length of patient stays, should help hospital foodservice sales advance 1.5 percent in inflation-adjusted dollars.

□ Contractors are forecast to continue expanding their share of the health-care market, because they are best able to meet the demand for high-quality, consistent and cost-effective foodservice. Real sales for contractors in hospitals and nursing homes are projected to advance a healthy 4.4 percent.

Lodging places

□ The outlook for foodservice sales at hotels, motor-hotels and motels is for a 2.3 percent real sales gain in 1990. There will be slight increases in occupancy levels, but a slowdown in expansion of new properties is expected because of changes in tax laws.

□ Convention business should be good but not exceptional, as higher airfares could reduce attendance. Offsetting higher fares may be longer

Lodging place sales: $15.1 billion

	($000) 1987	1989	1990	1989-90 Percent change	1989-1990 Percent real growth change	1987-90 Compound annual growth rate
Total lodging places	**$12,328,033**	**$14,140,562**	**$15,067,980**	**6.7%**	**2.3%**	**7.0%**
Hotel restaurants	10,263,299	11,853,052	12,684,264	7.0	2.6	7.3
Motor hotel restaurants	789,780	883,214	936,207	6.0	1.6	5.8
Motel restaurants	1,274,954	1,404,296	1,467,489	4.5	0.1	4.8

Health-care foodservice sales: $14.3 billion

	($000) 1987	1989	1990	1989-90 Percent change	1989-1990 Percent real growth change	1987-90 Compound annual growth rate
Total health-care foodservice	**$12,009,190**	**$13,527,187**	**$14,315,828**	**5.8%**	**1.9%**	**6.0%**
Contractors in hospitals & nursing homes	1,348,436	1,572,749	1,711,151	8.8	4.4	8.3
Hospitals *	7,436,091	8,326,892	8,784,871	5.5	1.5	5.7
Nursing homes	3,224,663	3,627,546	3,819,806	5.3	1.8	5.8

** Includes voluntary and proprietary hospitals; long-term general, TB, mental hospitals; and sales or commercial equivalent to employees in state and local short-term hospitals and federal hospitals*

Other foodservice sales

	($000) 1987	1989	1990	1989-90 Percent change	1989-1990 Percent real growth change	1987-90 Compound annual growth rate
Retail hosts	$ 7,826,994	$ 9,457,060	$ 10,326,297	9.2%	4.8%	9.7%
Mobile caterers	664,722	757,460	799,120	5.5	1.1	6.3
Vending & nonstore retailers *	4,551,070	5,186,108	5,445,413	5.0	0.6	6.2
Community centers	487,558	590,083	641,420	8.7	5.2	9.6

** Includes sales of hot food, sandwiches, pastries, coffee and other hot beverages*

stays, because attendees staying over weekends can take advantage of lower weekend fares.

□ Hotel restaurants should capture the lion's share of the growth, posting a 2.6 percent real advance. Motor-hotel and motel restaurants should enjoy real sales growth, at 1.6 percent and 0.1 percent, respectively—a turnaround from declines of past years.

Other foodservice

□ Strong sales of meals, snacks and takeout food at grocery stores and convenience departments of gas stations will help boost sales at **retail hosts** by 4.8 percent in inflation-adjusted dollars. At grocery/convenience stores the increase will be strong but diminished from previous years. Declines are expected at drug and proprietary stores.

□ Modest real growth in construction, manufacturing employment, and sporting-events attendance will boost sales for **mobile caterers** by 1.1 percent in real terms.

□ Foodservice at **community centers** is forecast to increase 5.2 percent in inflation-adjusted dollars. This growth is due to increases in feeding programs for the elderly, the homeless and children in summer programs, as well as an increase in new AIDS programs.

1990 FOOD AND DRINK PURCHASES

Food and drink purchases for the foodservice industry are forecast to reach $91.5 billion in 1990. Purchases in the *Commercial Foodservice Group*, which account for over 75 percent of the total amount spent, are estimated to equal $68.8 billion.

Highlights for 1990 food and drink purchases

□ *Eating and drinking places*, which constitute the largest component of the Commercial Foodservice Group, are forecast to record food and drink purchases of $52.5 billion.

□ *Food contractor purchases* are expected to reach $5.4 billion. This group represents the largest component of the commercial segment, with the exception of eating places, in terms of food and drink purchases.

□ Purchases for the *Institutional Foodservice Group*, which account for 16.0 percent of total purchases, are projected to reach $14.6 billion.

□ *Hospitals*, the largest food and beverage purchaser in the institutional segment, should record purchases of $3.9 billion.

□ *Military foodservice* purchases are forecast to total $2.7 billion. Expenditures for defense personnel, the largest share of military foodservice purchases, are expected to reach $2.3 billion.

More short pleasure trips

Since 1984 weekend and short pleasure trips have been growing in popularity. This increase in number of travelers can translate into business for restaurants because many such travelers report that dining out is a favorite activity. Furthermore, it is not uncommon for travelers to be repeat customers. A study by the U.S. Travel Data Center for *Better Homes & Gardens* magazine showed that 76 percent of married couples reported that their most recent trip was a repeat visit to someplace they had already been. Thus a positive restaurant experience can contribute to a return visit.

Foodservice industry food and drink purchases projected to 1990*

	Estimated food and drink purchases ($000)
GROUP I: Commercial Foodservice[1]	
Eating places	
Restaurants, lunchrooms	$26,465,310
Limited-menu restaurants	22,684,174
Commercial cafeterias	1,559,288
Social caterers	772,849
Ice cream, frozen-custard stands	614,768
Total—eating places	**$52,096,389**
Bars and taverns	420,029[2]
Total—eating and drinking places	**$52,516,418**
Food contractors	
Manufacturing and industrial plants	$ 1,673,937
Commercial and office buildings	568,423
Hospitals and nursing homes	621,045
Colleges and universities	837,432
Primary and secondary schools	432,149
In-transit foodservice (airlines)[3]	674,958
Recreation and sports centers	579,227
Total—food contractors	**$ 5,387,171**
Lodging places	
Hotel restaurants	$ 3,919,317
Motor-hotel restaurants	292,134
Motel restaurants	468,921
Total—lodging places	**$ 4,680,372**
Other commercial	
Retail host restaurants	$ 3,448,260
Recreation and sports	871,637
Vending and nonstore retailers	1,644,460
Mobile caterers	245,322
Total—other commercial	**$ 6,209,679**
TOTAL—GROUP I	**$68,793,640**

	Estim food and purch ($00
GROUP II: Institutional Foodservice—Business, educational, governme institutional organizations that operate their own foodservice	
Employee foodservice	$ 8
Public and parochial elementary and secondary schools	3,6
Colleges and universities	1,5
Transportation	6
Hospitals	3,9
Nursing homes; homes for the aged, blind, orphans, and the mentally and physically disabled	2,3
Clubs, sporting and recreation camps	9
Community centers	7
TOTAL—GROUP II	**$14,5**
TOTAL—GROUPS I AND II	**$83,3**
Food furnished foodservice employees (FSE) in Groups I and II	$ 5,3
TOTAL—GROUPS I, II AND FSE	**$88,7**
GROUP III: Military Foodservice	
Defense personnel	$ 2,3
Officers' and NCO clubs ("Open Mess")	2
Foodservice—military exchange	1
TOTAL—GROUP III	**$ 2,7**
GRAND TOTAL	**$91,50**

*Purchases refer to expenditures by foodservice establishments for their food and supplies
[1] Data are given only for establishments with payroll
[2] Food purchases only
[3] Food purchases only

REGIONAL AND STATE FORECAST

For the tenth consecutive year, the National Restaurant Association has forecast eating-place sales for each of the 50 states and the District of Columbia. Because eating-place sales are influenced by a variety of economic factors in a region and state, such as industrial mix, disposable personal income, population and employment growth, restaurateurs can use these data to compare their operations' sales performance with projections for their state or region.

Highlights

All nine census regions are expected to show positive growth in population, total employment and real disposable personal income in 1990, which will help boost eating-place sales. However, there are dramatic variations by region. For ample, the Mountain stat

The regional economies percent change: 1989-1990

Region	Population	Total employment	Manufacturing employment	Persona income
New England	1.0%	1.5%	0.1%	1.6%
Middle Atlantic	0.2	0.7	-1.4	0.7
South Atlantic	1.6	2.2	0.9	2.7
East North Central	0.1	0.8	-1.0	1.0
West North Central	0.5	1.2	0.4	1.7
East South Central	0.5	1.2	0.4	2.0
West South Central	1.0	2.2	1.3	2.6
Mountain	2.1	2.9	2.7	3.4
Pacific	1.8	2.4	1.6	2.7
Total United States	**0.9%**	**1.7%**	**0.2%**	**1.9%**

Source: National Planning Association, *Regional Economic Projections Series;* National Restaurant Association

Percent change in state and regional economic indicators: 1989–1990

	State	Population	Total employment	Manufacturing employment	Real disposable personal income	Eating place sales ($000) 1989	Eating place sales ($000) 1990	Eating place sales ($000) Percent change
New England	Connecticut	0.7%	1.4%	-0.5%	1.1%	$ 2,319,454	$ 2,460,941	6.1%
	Maine	1.1	1.7	0.1	2.2	778,078	843,436	8.4
	Massachusetts	0.8	1.4	0.1	1.5	5,148,476	5,454,811	6.0
	New Hampshire	2.4	2.9	1.7	3.7	869,062	955,099	9.9
	Rhode Island	0.7	1.2	nc*	1.6	686,555	735,987	7.2
	Vermont	1.4	1.9	1.6	2.7	395,621	429,249	8.5
	Total region	**1.0%**	**1.5%**	**0.1%**	**1.6%**	**$10,197,246**	**$10,879,523**	**6.7%**
Middle Atlantic	New Jersey	0.4%	1.4%	-1.4%	1.0%	$ 4,922,297	$ 5,220,588	6.1%
	New York	0.1	0.5	-1.4	0.6	11,493,270	12,154,133	5.8
	Pennsylvania	0.1	0.6	-1.5	0.8	6,666,285	7,062,929	6.0
	Total region	**0.2%**	**0.7%**	**-1.4%**	**0.7%**	**$23,081,852**	**$24,437,650**	**5.9%**
South Atlantic	Delaware	0.7%	0.9%	-0.7%	1.3%	$ 484,596	$ 519,002	7.1%
	District of Columbia	0.3	0.1	-1.5	-0.2	925,472	987,479	6.7
	Florida	2.6	3.1	2.5	3.5	10,050,146	10,904,408	8.5
	Georgia	1.5	2.2	1.0	3.0	4,479,314	4,882,452	9.0
	Maryland	1.1	1.7	-0.9	1.8	3,302,594	3,553,591	7.6
	North Carolina	1.1	1.7	0.8	2.6	4,120,178	4,482,754	8.8
	South Carolina	1.3	1.9	0.4	2.1	2,092,296	2,272,233	8.6
	Virginia	1.4	2.2	0.8	2.5	4,133,162	4,492,747	8.7
	West Virginia	-0.4	0.5	-1.6	0.9	819,544	864,619	5.5
	Total region	**1.6%**	**2.2%**	**0.9%**	**2.7%**	**$30,407,302**	**$32,959,285**	**8.4%**
East North Central	Illinois	-0.1%	0.6%	-1.9%	0.7%	$ 7,566,818	$ 7,941,375	5.0%
	Indiana	0.2	0.9	-0.9	1.4	3,567,985	3,768,182	5.6
	Michigan	nc*	0.9	-0.7	0.8	5,946,609	6,315,299	6.2
	Ohio	nc*	0.7	-1.3	0.9	7,066,361	7,423,940	5.1
	Wisconsin	0.6	1.2	0.2	1.8	2,935,472	3,108,665	5.9
	Total region	**0.1%**	**0.8%**	**-1.0%**	**1.0%**	**$27,083,265**	**$28,557,461**	**5.4%**
East South Central	Alabama	0.4%	1.3%	0.8%	2.0%	$ 2,070,329	$ 2,229,744	7.7%
	Kentucky	0.4	1.1	0.1	1.7	2,036,653	2,169,035	6.5
	Mississippi	0.2	0.9	0.7	2.1	1,013,370	1,080,252	6.6
	Tennessee	0.8	1.4	0.2	2.1	2,978,686	3,193,151	7.2
	Total region	**0.5%**	**1.2%**	**0.4%**	**2.0%**	**$ 8,099,038**	**$ 8,672,182**	**7.1%**
West North Central	Iowa	nc*	0.6%	-0.5%	1.3%	$ 1,437,098	$ 1,508,951	5.0%
	Kansas	0.6%	1.4	1.2	1.9	1,441,360	1,530,724	6.2
	Minnesota	1.0	1.7	1.1	2.1	2,757,701	2,942,467	6.7
	Missouri	0.5	1.1	-0.3	1.5	3,376,446	3,599,291	6.6
	Nebraska	0.3	1.0	0.5	1.3	892,482	942,461	5.6
	North Dakota	0.6	1.3	2.4	1.9	329,902	349,696	6.0
	South Dakota	0.3	0.9	2.8	1.7	343,931	363,879	5.8
	Total region	**0.5%**	**1.2%**	**0.4%**	**1.7%**	**$10,578,920**	**$11,237,469**	**6.2%**
West South Central	Arkansas	0.7%	1.5%	1.1%	2.4%	$ 1,047,193	$ 1,113,166	6.3%
	Louisiana	-0.3	1.5	-0.1	1.6	2,251,236	2,359,295	4.8
	Oklahoma	0.9	1.7	1.2	2.2	1,820,878	1,931,952	6.1
	Texas	1.4	2.6	1.6	2.9	10,771,716	11,467,569	6.5
	Total region	**1.0%**	**2.2%**	**1.3%**	**2.6%**	**$15,891,823**	**$16,871,982**	**6.5%**
Mountain	Arizona	2.8%	3.4%	3.2%	3.9%	$ 2,402,485	$ 2,587,476	7.7%
	Colorado	2.1	2.9	2.6	3.2	2,584,159	2,723,704	5.4
	Idaho	1.1	1.9	1.7	2.7	476,349	500,643	5.1
	Montana	0.7	1.5	-0.2	1.9	443,914	462,558	4.2
	Nevada	2.9	3.5	3.1	4.0	773,750	823,270	6.4
	New Mexico	1.7	2.7	3.0	3.2	934,977	996,685	6.6
	Utah	2.3	2.8	3.0	3.7	860,098	919,443	6.9
	Wyoming	1.6	2.5	1.0	3.2	280,988	293,632	4.5
	Total region	**2.1%**	**2.9%**	**2.7%**	**3.4%**	**$ 8,756,718**	**$ 9,307,411**	**6.3%**
Pacific	Alaska	1.1%	2.9%	3.0%	2.5%	$ 459,462	$ 482,894	5.1%
	California	1.8	2.5	1.7	2.7	22,192,260	23,599,948	6.3
	Hawaii	1.4	1.9	-0.4	2.1	1,485,549	1,601,733	7.1
	Oregon	1.3	2.0	0.7	2.4	1,846,421	1,938,742	5.0
	Washington	1.7	2.4	1.3	2.7	3,228,627	3,390,516	5.2
	Total region	**1.8%**	**2.4%**	**1.5%**	**2.7%**	**$29,222,319**	**$31,013,833**	**6.2%**

*no change

Source: National Planning Association, *Regional Economic Projections Series;* National Restaurant Association

should see a 2.1 percent increase in population and real disposable-income growth of 3.4 percent in 1990. By comparison, the East North Central region should post more modest gains—a 0.1 percent growth in population and a 1.0 percent advance in real disposable personal income.

Other highlights:

□ The **South Atlantic** region is forecast to show the largest gain in eating-place sales—8.4 percent—followed by the **East South Central** region with a 7.1 percent increase.

□ The **East North Central** region should record the lowest growth rate in eating-place sales in 1990—up 5.4 percent.

□ The **South Atlantic** region is forecast to rank first in eating-place sales—nearly $33.0 billion. The **Pacific** region should rank second in the nation with $31.0 billion in eating-place sales.

□ **New Hampshire** is expected to post the largest percentage increase in eating-place sales in 1990, with a 9.9 percent advance. **Georgia** is projected to show the second-largest gain at 9.0 percent.

□ **California** will lead the states in eating-place sales at $23.6 billion—well ahead of **New York** ($12.2 billion) and **Texas** ($11.5 billion), the second and third-ranking states in terms of eating-place sales.

New England

Outlook

□ Population growth in the region is expected to exceed the national average, while employment and personal income should grow just below the national average.

□ Defense contractors, computer manufacturers and financial service companies will continue to grow in 1990 but at a slower pace than in the 1980s.

□ Despite some overall softening in the economy, the region is expected to benefit from generally positive economic conditions and booming exports—both of which should protect manufacturers and retailers from major declines in income and profits in 1990.

□ Eating-place sales in the region are forecast to grow 6.7 percent to reach nearly $10.9 billion in 1990.

□ Although Massachusetts will account for half of the region's total eating-place sales, New Hampshire will post the highest growth rate—up 9.9 percent from 1989.

Middle Atlantic

Outlook

□ Population and employment in the region are expected to grow more slowly than for the nation as a whole.

□ Increases in exports will continue to bolster growth in the steel, photographic equipment, computers and electronics industries, particularly in New York and Pennsylvania.

□ Some slight declines are expected in defense-related industries, due to lower aircraft production and less contracting activity. Growth in the financial-services sector is expected to slow.

□ Despite some economic softening, regional eating-place sales are forecast to reach more than $24.4 billion—a 5.9 percent gain over 1989.

□ New York will rank second in the nation for eating-place sales in 1990—$12.2 billion.

South Atlantic

Outlook

□ Higher-than-average growth is expected for population, total employment, manufacturing employment and personal income for this region in 1990.

□ Increased competitiveness of U.S.-made consumer goods in both international and domestic markets is expected to fuel this region's manufacturing industries.

□ Growth in service-related jobs—trade, business and personal services—should outperform all other industry employment growth in the region, boosting regional growth in income and retail sales.

□ Overbuilding could limit gains in construction and related real-estate industries.

□ Eating-place sales are projected to advance 8.4 percent and total nearly $33.0 billion—the most of any region in the United States.

□ Although Florida is expected to contribute one-third of the region's eating-place sales, Georgia is forecast to show the highest sales growth—advancing 9.0 percent over 1989 levels.

East North Central

Outlook

□ Population, employment and disposable personal income are forecast to grow at below the national average.

□ Automotive companies could continue to see some buyer resistance leading to some softening in automotive-related industries.

□ Continued strength is expected in the industrial chemicals, industrial controls, construction steel and heavy-truck industries.

□ Construction and major-appliance companies are expected to keep the demand for steel at high levels and to fuel the region's steel industries.

How the regional forecast was prepared

The economic sales data for the states have been arranged according to the nine census regions. Included with each state are revised eating-place sales for 1989, projected 1990 sales figures and information on personal income, employment and population data. Much of the economic data in this report is based on information obtained from such sources as the Bureau of Economic Analysis, the Bureau of Labor Statistics, the National Planning Association and the U.S. Chamber of Commerce.

The estimates for eating-place sales used here were prepared in consultation with the research firm Mal-

□ Construction activity for both residential and nonresidential structures in the region is expected to remain stable.

□ Lower economic growth in the region is expected to result in eating-place sales growth of 5.4 percent in 1990—the lowest growth rate of any region. However, sales at eating places are forecast to reach an impressive $28.6 billion.

East South Central

Outlook

□ Population and employment in the region are forecast to grow slightly below the national average. Manufacturing employment and personal income should grow at slightly higher than national levels.

□ Steel and electronics industries in the region are expected to continue to benefit from improved competitiveness and a growing export market.

□ The region's automotive manufacturers could see difficulties with sluggish sales, while textile and apparel manufacturers can expect continued competition from offshore suppliers.

□ Growth in new high-technology manufacturing facilities should help boost the region's economy.

□ Sales at eating places in the region are forecast to reach nearly $8.7 billion—a 7.1 percent increase over 1989.

□ Tennessee will post the highest eating-place sales of any state in the region—$3.2 billion—and Alabama is expected to show the highest regional eating-place sales growth—7.7 percent.

colm Knapp, Inc. State-by-state historical eating-place sales in 1972, 1977, 1982 and 1987 form the basis for these projections. Special attention was paid to growth trends between 1982 and 1987 for refreshment places (fast food) and restaurants and lunchrooms for each state. Sales figures were then adjusted to reflect current and projected income and population data.

A few reminders

□ Sales projections for 1990 are based on the best available data in late September and early October 1989. If the outlook for general economic conditions or the food situation changes significantly in 1990, these projections will require adjustments.

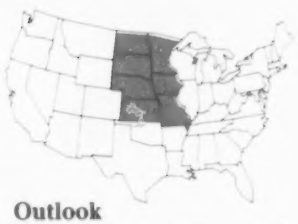
□ Adjustments were made to arrive at a predetermined U.S. total.

□ Sales figures for each state are subject to a larger margin of error than the national projections.

□ Actual sales figures represent an overall allocation of total sales in the United States. While percent changes are subject to more variation, they have been shown here as a convenience to *1990 Forecast* readers.

□ The sales information for states and regions is for all establishments. Figures represent the U.S. Census definition of eating places (SIC Code 5812) and include the sales for operations with payroll and without payroll, as well as contract feeders. As a result, the sales figures for states and regions will not equal the total for eating places. Regional projections were not done separately; as a result, regional totals are sums of state data.

West North Central



Outlook

□ Growth in both agriculture and manufacturing should continue to help the region's economic picture.

□ Population and employment growth are expected to be slightly below national levels, but manufacturing employment growth should exceed national levels.

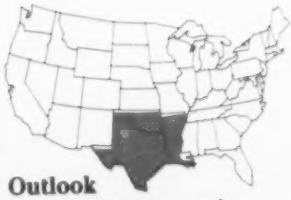
□ Increased exports of general-aviation aircraft should help boost the region's aerospace industry. Brisk growth in the semiconductor industry is expected to help high-tech companies.

□ Growth in service and trade employment in the region is expected to slow, and weak sales could dampen growth at farm-machinery manufacturing plants.

□ The region is forecast to post more than $11.2 billion in eating-place sales—a 6.2 percent increase over 1989.

□ Missouri will lead the region in eating-place sales—$3.6 billion—but Minnesota will post the largest sales growth at 6.7 percent.

West South Central



Outlook

□ Population, employment and disposable income are expected to outpace national levels.

□ Modernization of facilities should keep the region's refining and petrochemical industries going strong, and defense industries should also post another year of growth.

□ Expansion of natural-gas usage could help some segments of the region's economy recover at an accelerated pace.

□ An excessive supply of residential housing units is expected to slow recovery of the region's construction industry, while mergers and failures of some banks and thrifts could hinder the financial-services industries.

□ The economic recovery in the region should help advance eating-place sales 6.5 percent to $16.9 billion in 1990, with Texas accounting for more than two-thirds—$11.5 billion—of the projected regional sales.

Mountain

Outlook

□ Regional growth in population, employment, manufacturing employment and personal income are expected to be the highest of any region in the country in 1990.

□ Higher prices for copper, precious metals and other nonfuel materials should boost mining.

□ Higher worldwide demand for beef is expected to help ranchers, while increasing world prices for oil and gas should help revive the sluggish energy industry.

□ Tourism in Arizona, Nevada and Colorado is expected to thrive, but levels may be lower than usual in Wyoming and Nevada, due to continued rebuilding of

burned-out areas of Yellowstone Park.

□ Severe overbuilding of office and multifamily units in some areas could dampen construction in the region.

□ Eating-place sales in the region are forecast to grow 6.3 percent to reach $9.3 billion.

□ Arizona is likely to lead the region in eating-place sales growth at 7.7 percent, while Colorado will have the highest eating-place sales—$2.7 billion.

Pacific

Outlook

□ Population, employment, manufacturing employment and personal income are expected to grow faster than the national average.

□ A recent surge in new aircraft orders should boost the aerospace and electronics industries.

□ Rising prices and strong demand—both foreign and domestic—are expected to help the natural-resources industries.

□ Increased traffic and trading in the ports along the Pacific should bolster the trade and distribution industries and strengthen the financial-services sector.

□ Tourism in the region is expected to remain strong.

□ Regional eating-place sales should top $31.0 billion—a 6.2 percent increase from 1989—with California leading the nation in eating-place sales at $23.6 billion.

1989 UPDATE

The National Restaurant Association's updated 1989 forecast shows a slight decline in foodservice industry sales from the association's original forecast. The revised numbers were lower, due in part to stronger-than-anticipated consumer purchases of durable goods, particularly automobiles and light trucks. This additional "unexpected" fixed charge against income may have deterred some consumers from purchasing food away from home, at least until an adjustment in spending patterns was made.

—Elizabeth Gordon
—Nancy Michalski
—Susan Mills
—Claire Regan
—Hudson Riehle

Foodservice industry food and drink sales
1988-1989

	($000)		Percent change	
	1988	1989	Current dollars	Constant dollars
Commercial Foodservice Group	$189,303,501	$201,176,911	6.3%	1.6%
Eating places	138,403,276	147,039,640	6.2	1.7
□ Restaurants and lunchrooms	69,574,140	73,235,148	5.3	0.7
□ Limited-menu restaurants	61,037,036	65,529,362	7.4	2.8
□ Commercial cafeterias	3,966,033	4,152,436	4.7	0.1
□ Social caterers	1,934,272	2,089,014	8.0	3.4
□ Ice cream, frozen-custard stands	1,891,795	2,033,680	7.5	2.9
Bars and taverns	8,929,111	8,982,686	0.6	−4.5
Total eating & drinking places	147,332,387	156,022,326	5.9	1.3
Institutional Foodservice Group	23,612,634	24,967,734	5.7	0.7
Military Foodservice Group	1,018,898	1,078,380	5.8	1.5
Total industry sales	**$213,935,033**	**$227,223,025**	**6.2**	**1.5**

How the 1990 forecast was prepared

The National Restaurant Association's projections for 1990, revised projections for 1989 and final estimates for 1987 are published here. Comparable historical data encompassing the period from 1970 through 1986 have been published in *Foodservice Numbers* and *Year in Review*.

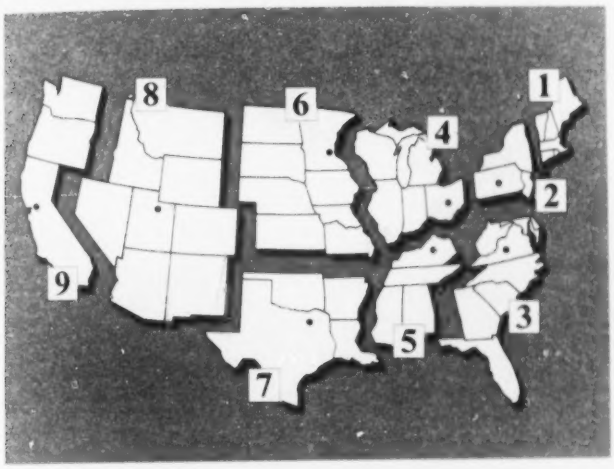
The association's annual industry forecast for 1990 includes both nominal and real percentage changes in sales for all industry sectors. Real growth is calculated separately for each market segment. In the case of eating places, the projected percentage increase in menu prices is subtracted from the percentage increase in sales. For drinking places, it is necessary to estimate the inflation factor separately; it is weighted more heavily toward alcoholic beverages.

For other industry sectors, such as colleges and universities where expenses are largely determined by food costs, a modification of the Producer Price Index of food is used. Modifications to this index are based on historical patterns for each industry sector. The food cost component constitutes the base percent increase, which is adjusted to reflect population changes and other pertinent factors, such as labor and overhead costs.

To arrive at 1990 real sales figures for the total foodservice industry as well as for the Commercial and Institutional Foodservice Groups, current 1989 sales were multiplied by the respective 1990 real growth factors. The real sales figures for each of these sectors were added and compared with 1989 sales to obtain real growth for the industry and the two major segments.

A word of caution

Sales projections are based on the best data available in late September and early October 1989. If the outlook for general economic conditions or the food situation changes significantly in the coming year, these projections will require adjustment. In addition, the performance of individual companies or sales in local market areas may differ substantially from the U.S. outlook.



Here are some recipes from operators who have been interviewed for "How's Business," so you can recreate their specialties in your restaurant.

Region 1

FISHERMAN'S STEW

Serves 2

Ingredients:
4 ozs. each of fresh-shucked soft-shell clams, oysters, sea scallops
4 peeled and deveined raw shrimp
1 pt. light cream or half-and-half (scalded)
2 ozs. butter
Paprika and parsley to taste

Method:
Melt butter. Add all seafood and saute until done.

Put seafood in serving bowls, add cream.

Top with herbs.

—Union Oyster House, Boston

Region 2

VEAL WITH FETA

Serves 1

Ingredients:
4-5 ozs. veal, pounded and dredged in flour mixed with a dusting of paprika
1 Tbs. clarified butter
3 Tbs. yellow onions, slivered
Pinch of thyme
2 Tbs. white wine
Splash of beef stock
3 Tbs. heavy cream
1 Tbs. sour cream
2–4 black olives, sliced
2 cherry tomatoes, halved
2–2½ Tbs. feta cheese, crumbled

Method:
Brown the veal in 1 Tbs. of clarified butter and remove. Next add the onion and a pinch of thyme; stir fry until the onion begins to wilt. Add about 2 Tbs. white wine, a splash of beef stock and deglaze the pan. Add the heavy cream and sour cream, bring to a simmer and return the veal. Simmer all until it has thickened; then add the olives and cherry tomatoes. Heat through and then add the crumbled feta. Gently swirl the pan just until the cheese begins to melt into the sauce. Serve. The point is to have a few soft curds of feta intact.

—Mackley's Mill, Hallam, Pennsylvania

Region 3

GOOBER SOUP

Serves 8

Ingredients:
¼ cup butter
1 cup thinly sliced celery
½ cup finely chopped onion
2 Tbs. flour
2 qts. chicken stock
1 cup smooth peanut butter
1 cup light cream

Method:
Melt butter in a large saucepan over low heat. Add celery and onion and cook until tender, but not brown. Add flour and stir until mixture is smooth. Gradually add chicken stock and bring to a boil. Blend in peanut butter and simmer 15 minutes. Stir in cream just before serving.

—White's Truck Stop, Raphine, Virginia

Region 4

APPLE IN THE PAJAMA

Serves 1

Ingredients:
1 med. apple (Jonathan or Winesap), peeled and cored
1 Tbs. sugar
1 tspn. raisins
⅛ tspn. cinnamon
1 Tbs. orange or apricot marmalade
1 6-inch-by-6-inch piece of puff pastry
1 egg
½ cup milk

Method:
Mix sugar, raisins, cinnamon and marmalade together and place in cored apple. Wrap apple in puff pastry and press edges to seal.

Mix egg and milk together to make egg wash. Brush puff pastry with egg wash.

Bake at 350° F. for 30–45 minutes. Sprinkle with powdered sugar and serve garnished with whipped cream.

—The Golden Lamb Inn, Lebanon, Ohio

Region 5

CHESS PIE

Makes one 9-inch pie

Ingredients:
2 cups sugar
2 Tbs. flour
2 Tbs. cornmeal
½ cup margarine, softened
5 egg yolks
1 cup half-and-half
1 unbaked 9-inch pie shell—extra thick if possible

Method:
Mix the sugar with the flour and cornmeal. Then cream well with the margarine. Blend in egg yolks, beating well, and add the half-and-half gradually.

Pour into an unbaked pie shell and bake at 425° F. for 15 minutes. Reduce heat to 375° F. and bake 30 minutes or longer until done.

—Talbott Tavern, Bardstown, Kentucky

Region 6

RICOTTA-STUFFED CHICKEN BREAST

Serves 4

Ingredients:
4 7-8 oz. fresh chicken breasts (tenders included)
1 cup ricotta cheese
2 Tbs. each of pistachios, walnuts, raisins
1 Tbs. chopped parsley
2 ozs. Parmesan cheese
2 ozs. bread crumbs
½ Tbs. salt
1 tspn. white pepper
1 egg
2 ozs. clarified butter

Sauce ingredients:
6 ozs. sweet Marsala

½ cup sliced mushrooms
1 oz. whole butter

Garnish:
Fresh oranges, parsley

Method:
Twenty-four hours in advance of serving: Remove tenders from breasts, cover with plastic wrap and slightly flatten both the tenders and breast with the side of your hand.

Chop walnuts and pistachios; mix in remaining ingredients.

Take a 4-oz. ball of stuffing and roll into log shape, lay lengthwise on the breasts. Place flattened tender on top of stuffing and fold up edges of breast.

Cover bottom of shallow ceramic baking dish and place breasts seam side down. Season outside of breasts with salt and pepper. Refrigerate for 24 hours.

Remove from dish, place in roasting pan and top with pats of clarified butter. Bake at 375° F. for 13 minutes.

To make sauce, remove breasts from pan and pour out any remaining fat. Deglaze with the Marsala and add mushrooms. Reduce by two-thirds. Add butter. Garnish breasts with fresh oranges and whole parsley. Add sauce and serve.

—Muffuletta in the Park, St. Paul, Minnesota

Region 7

DONKEY TAILS

Serves 1

Method:
Take a hot dog and slit it down the middle. Fill middle with grated cheddar cheese. Wrap the hot dog with a 6-inch flour tortilla and spear with a toothpick. Fry in 350° F. hot oil or shortening until golden brown. Drain.

—Tolbert's Chili Parlor, Dallas

Region 8

GREEN CHILI RELLENOS

Serves 4

Ingredients:
6 Anaheim green chili peppers

Method:
Charbroil peppers on each side until blackened. Place in a glass bowl, cover with plastic wrap and let sweat for 5 minutes. Peel charred skin off peppers, cap and remove seeds gently. Set aside.

DUXELLE MIXTURE
Ingredients:
1 lb. fresh button mushrooms, chopped until finely minced (use a knife)
1 Tbs. fresh garlic, minced
2 Tbs. fresh minced shallots
¼ cup minced onions
2 Tbs. unsalted butter
½ cup white wine
½ cup heavy cream

Method:
In heavy skillet, melt butter. Add onions, shallots and garlic. Saute for 1 minute. Add mushrooms and white wine. Gently saute on low heat for 15 minutes. Add cream, and let simmer for 30–40 minutes. Add salt and pepper to taste. Remove and set aside to cool. Refrigerate.

GOAT CHEESE SAUCE
Ingredients:
⅔ cup finely grated goat cheese
1 Tbs. shallots
2 cups white wine
1 cup champagne vinegar
2 cups heavy whipping cream
1 Tbs. fresh garlic, minced
Salt, pepper to taste

Method:
In a heavy saucepan, reduce shallots, garlic, white wine and champagne vinegar. Reduce over medium heat until the liquid has evaporated and all that's left is a syrupy mixture on the bottom of the pan. Be careful not to burn the liquid. Add the cream and reduce by half. Add goat cheese, and reduce 10 minutes over low heat. Pour mixture through a fine strainer, cheese cloth or china cap. Add salt and pepper to taste. Keep sauce warm in a bain marie or double boiler.

Final preparation:
Take cooled green chilies and stuff gently with cooled duxelle mixture, using a teaspoon. Set on a greased cookie sheet or pie tin. Add 1-2 ozs. white wine, chicken stock or water to bottom of the pan to prevent chilies from sticking. Bake at 400° F. for 8-10 minutes.

To serve, pour warm goat cheese sauce on serving dish; place hot green chilies on top of sauce.

—Tree Room Restaurant, Provo, Utah

Region 9

POACHED CHICKEN BREAST WITH JULIENNE VEGETABLES, MORELS AND HERBS

Serves 4

Ingredients:
4 chicken breasts, skinned and deboned (4½ ozs. per serving)
3 cups chicken stock
2 cloves garlic, diced
10 med. dry morels
½ cup water
1 med. zucchini, julienned
1 med. carrot, julienned
10 snowpeas, julienned
1 red bell pepper, julienned
1 large leek (white part only), julienned
1–2 Tbs. mixed fresh herbs (basil, thyme, rosemary, parsley)
4 cups cooked rice

Method:
Prepare chicken breasts and have stock on hand. Dice garlic and set aside. Wash all the vegetables and cut into ¼-inch julienne strips. Soak morels in cold water, changing water once to remove all sand. Allow morels to stay in second change of water at least 15 minutes. Remove mushrooms from water and strain, saving liquid. Cut mushrooms in half and set aside. Finely chop herbs and set aside.

Put stock into shallow pan large enough to fit the chicken breasts. Bring to simmer and add chicken. Cover pan and cook over medium heat 5–6 minutes or until breasts are just pink in centers. Remove from pan and keep warm. Raise heat to medium high. Add carrots and peppers, and cook for 2 minutes. Add leeks and zucchini, and cook for 2 minutes more, until vegetables start to lose rawness but still seem crisp. Add snowpeas, morels, morel liquid and fresh herbs. Cook for 3–4 minutes. Return chicken breasts to pan. Heat through for a minute or two; then remove from heat.

Put a bed of rice on four warm plates and spread vegetables on top. Slice each breast into four or five pieces and place in center of plate. Reduce pan juices slightly and spoon over chicken and rice. Garnish with chopped parsley and sprigs of fresh herbs.

—The Shadows, San Francisco

Check your local listing...

Television viewers in Philadelphia who are hungry for more than entertainment can whet their appetites by watching "Menu TV" on cable channel 53. Every evening from 5:30 to 6:30, "Menu TV" runs ads from restaurants whose owners have signed up for the service. The ads are each 25 seconds long, cost $15 each weekday and are repeated every 15 minutes. They are updated daily to list the restaurants' specials and also the addresses, hours, musical entertainment—or anything else the restaurants want to promote.

"Menu TV" is the brainchild of freelance writer Robyn Selvin, who is having no problem selling the airtime to eager restaurateurs. Cable is cheaper and more current than print ads, and it is targeted to a very specific audience—those who are trying to find a place to eat out that night.

—Philadelphia Inquirer

Micro-Toms are big news

Good things come in small packages. At least that is what Jay Scott and Brent Harbaugh from the University of Florida, the developers of the amazing "Micro-Tom" tomatoes, think. Micro-Tom tomatoes are half the size of cherry tomatoes, so people can pop them like peanuts or sprinkle them on a salad like croutons.

In the vegetable world, Micro-Toms are considered quite a breakthrough—no more slicing, dicing or worrying about the seeds squirting everywhere.

—The Washington Times

Cheers to ARA's designated-driver program

More than 1,000 fans at each Chicago Bears football game are raising their glasses—of soda—in salute to an unusual designated-driver program set up by the Bears organization and its concessionnaire, ARA Services.

Under the program, fans with driver's licenses can sign forms stating that they will not partake of alcoholic beverages during the game because they will be driving others home. The participating fans receive a button that can be redeemed for two soft drinks, and they also have their hands stamped so that they may

not purchase beer at the stadium.

Although the program will cost the Bears and ARA several thousand dollars in lost revenue, the reward—more fans getting home safe and sound—is worth it.

—Sports Illustrated

Recycling McPlastic

Long known for rolling out its new products in regional tests, McDonald's Corporation is planning a test of a different kind—a trial run for a recycling program for its plastic containers. One hundred McDonald's restaurants in New England have agreed to test the recycling program by setting up collection bins for customers to separate the polystyrene clamshell containers from their other trash. The company hopes to have all New England stores join the program by early 1990 and eventually to go national.

McDonald's is one of many foodservice companies initiating programs in response to growing concern about the environment, but fast food restaurants need look no further than the supermarket for ideas on how to educate the public about the use of plastic packaging. One company taking the lead is Dart Container Corporation out of Mason, Michigan. It has placed a special message written on the inside of egg cartons that reads "Our environment—important to us all," and goes on to describe how the foam cartons are recyclable, are stable when disposed of in landfills and are safely incinerated.

—New York Times and Dutchland Farms egg carton

Thinking on your feet

Are those weekly staff meetings deteriorating into gab sessions or slow-moving, drawn-out events? Try removing the chairs. According to studies conducted by Motivational Systems, a management development and business-communications firm in West Orange, New Jersey, meetings in which all the participants are standing can be held in 50 to 60 percent of the time needed for the traditional sit-down meetings. And the meetings are more productive, too—standing up lends an air of urgency, stimulates discussion and expedites the decisionmaking process.

—Sanford Teller Communications